

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: Net Revenue Certification Under Turnpike Revenue Bond Resolution Section 713 (c)

DATE: October 7, 2022

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 2022 and 2023. 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 2022 and 2023.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2022 and 2023, 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 2022 and 2023, 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.

Net Revenue Certification Under Turnpike Revenue Bond Resolution Section 713 (c)

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Schedules B and C

These schedules set forth calculations relative to 2022's revenue requirements. Specifically, the schedule provides actual revenue through September 30, 2022 and projected revenue for the balance of the year (October-December 2022).

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 (2022 and 2023) "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)."

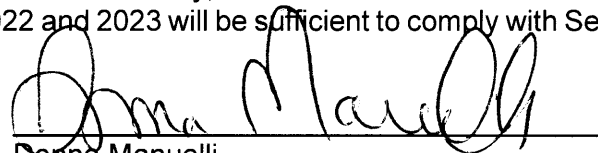
Schedules E and F

These schedules set forth calculations relative to 2023'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 2022 and 2023 will be sufficient to comply with Section 713 (b) of the Resolution.

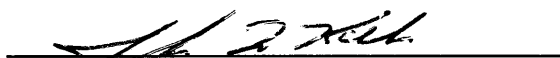


Ann Christine Monica
Acting Director of Law



Denna 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 2022 and 2023, 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 2022 and 2023, 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 2022 and 2023 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, 2022

Operating Expenses and Reserve (1)		\$ 627,200,000
Debt Service Requirements (2)		859,200,000
Maintenance Reserve Payments		200,000,000
Special Project Reserve Payments		<u>50,000,000</u>
Total Requirements		1,736,400,000
Deduct Revenue:		
Actual Revenue Provision - January - September 2022	\$ 1,828,900,000	
Estimated Revenue Provision October - December 2022 (Estimate per Schedule C)	<u>591,500,000</u>	<u>2,420,400,000</u>
Revenue Less Requirements		<u>\$ 684,000,000</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	34,900,000
Series 2013 A-F Debt Service Requirement	7,700,000
Series 2014 A-C Debt Service Requirement	71,300,000
Series 2015 A-G Debt Service Requirement (3)(4)	61,200,000
Series 2016 A-D Debt Service Requirement (3)	155,500,000
Series 2017 A-G Debt Service Requirement (3)	189,400,000
Series 2019 A Debt Service Requirement	20,500,000
Series 2020 A-D Debt Service Requirement (3)	17,700,000
Series 2021 A-B Debt Service Requirement	38,300,000
Series 2022 A Debt Service Requirement	2,000,000
Series 2022 New Money Debt Service Requirement (5)	<u>5,800,000</u>
Total Debt Service	<u>865,000,000</u>
Funded from Bond Proceed (capitalized interest)	<u>(5,800,000)</u>
Net Debt Service Funded from Revenue	<u>\$ 859,200,000</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$622,200,000 for the year, and the increase in the working capital reserve of \$5,000,000. The increase in working capital reserve brings the total amount of reserves in the Revenue Fund to 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 and includes the fixed credit spread as interest expense.
- (4) Interest on the \$5,000,000 unhedged portion is calculated at the maximum rate of 12%.
- (5) Assumes New Money issuance in November 2022 of \$700M at 5% w/capitalized interest for first 3 years.

Schedule C

NEW JERSEY TURNPIKE AUTHORITY
 Certificate Required Under Section 713
 Turnpike Revenue Bond Resolution
 Fiscal Year Ending December 31, 2022

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Miscellaneous (1)	Total Revenue
October	181,000,000	9,200,000	6,400,000	2,600,000	3,000,000	1,000,000	203,200,000
November	172,600,000	9,200,000	6,400,000	2,600,000	3,000,000	1,000,000	194,800,000
December	169,900,000	9,200,000	6,400,000	2,700,000	3,500,000	1,800,000	193,500,000
	\$ 523,500,000	\$ 27,600,000	\$ 19,200,000	\$ 7,900,000	\$ 9,500,000	\$ 3,800,000	\$ 591,500,000

NOTE: (1) Miscellaneous Revenue includes cellular tower rentals, park & ride facilities, rental income, towing fees, surplus property sales, billboard commissions, video feed licensing, easements, and arts center.

Schedule D

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		\$ 2,420,400,000
Operating Expenses and Reserve (1)		<u>627,200,000</u>
Net Revenue		<u>1,793,200,000</u>
(i) Debt Service Requirements	\$ 859,200,000	
(i) Maintenance Reserve Payments	200,000,000	
(i) Special Project Reserve Payments	<u>50,000,000</u>	<u>1,109,200,000</u>
Revenue Less Requirements		<u>\$ 684,000,000</u>
Net Revenue		\$ 1,793,200,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 859,200,000		<u>1,031,000,000</u>
Excess Revenue (2)		<u>\$ 762,200,000</u>
Debt Service Coverage		<u>2.09</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$622,200,000 for the year, and the increase in the working capital reserve of \$5,000,000. The increase in working capital reserve brings the total amount of reserves in the Revenue Fund to 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 \$668,100,000.

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, 2023

Operating Expenses and Reserve (1)	\$ 717,900,000
Debt Service Requirements (2)	873,300,000
Maintenance Reserve Payments	230,000,000
Special Project Reserve Payments	<u>51,500,000</u>
Total Requirements	1,872,700,000
Deduct Revenue:	
Estimated Revenue Provision (3) January/December 2023 (Estimate per Schedule F)	2,468,700,000
Revenue Less requirements	<u>\$ 596,000,000</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 Debt Service Requirement	600,000
Series 2013 F Debt Service Requirement	400,000
Series 2014 A-C Debt Service Requirement	71,000,000
Series 2015 A-G Debt Service Requirement (4)(5)	66,900,000
Series 2016 A-D Debt Service Requirement (4)	25,300,000
Series 2017 A-G Debt Service Requirement (4)	320,700,000
Series 2019 A Debt Service Requirement	20,500,000
Series 2020 A-D Debt Service Requirement (4)	17,900,000
Series 2021 A-B Debt Service Requirement	85,300,000
Series 2022 A Debt Service Requirement	4,000,000
Series 2022 New Money Debt Service Requirement (6)	35,000,000
Series 2023 New Money Debt Service Requirement (7)	50,000,000
Total Debt Service	<u>\$ 958,300,000</u>
Funded from Bond Proceed (capitalized interest)	(85,000,000)
Net Debt Service Funded from Revenue	<u>\$ 873,300,000</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$713,700,000 for the year, and the increase in the working capital reserve of \$4,200,000. The increase in working capital reserve brings the total amount of reserves in the Revenue Fund to 10% of the annual budgeted operating expenses as per section 504 (B) of the Bond Resolution.
- (2) Amount includes interest and principal payments.
- (3) Revenues include 3% toll rate indexing on 1/1/2023
- (4) Variable rate debt with an associated Interest Swap Agreement has interest included at the fixed swap rate and 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%.
- (6) Assumes New Money issuance in November 2022 of \$700M at 5% w/capitalized interest for first 3 years.
- (7) Assumes New Money issuances in January 2023 of \$1 billion at 5% w/capitalized interest for first 3 years.

Schedule F

NEW JERSEY TURNPIKE AUTHORITY

Estimated Revenue Provision

January 2023 through December 2023

Month	Toll Revenue (1)	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Miscellaneous (2)	Total Revenue
January	\$ 157,800,000	\$ 10,000,000	\$ 6,400,000	\$ 2,700,000	\$ 2,100,000	\$ 1,400,000	\$ 180,400,000
February	149,600,000	10,000,000	6,400,000	2,800,000	1,900,000	1,500,000	172,200,000
March	173,300,000	10,000,000	6,400,000	2,700,000	2,100,000	1,400,000	195,900,000
April	182,900,000	10,000,000	6,500,000	2,800,000	2,100,000	1,600,000	205,900,000
May	193,600,000	10,000,000	6,400,000	2,700,000	2,100,000	1,400,000	216,200,000
June	197,200,000	10,000,000	6,400,000	2,800,000	2,100,000	1,300,000	219,800,000
July	201,400,000	10,000,000	6,400,000	2,700,000	2,100,000	1,400,000	224,000,000
August	207,300,000	10,000,000	6,400,000	2,800,000	2,100,000	1,500,000	230,100,000
September	183,000,000	10,000,000	6,500,000	2,700,000	2,100,000	1,300,000	205,600,000
October	190,300,000	10,000,000	6,400,000	2,800,000	2,100,000	1,100,000	212,700,000
November	181,400,000	10,000,000	6,400,000	2,700,000	2,100,000	1,100,000	203,700,000
December	178,600,000	10,000,000	6,400,000	2,800,000	2,500,000	1,900,000	202,200,000
	\$ 2,196,400,000	\$ 120,000,000	\$ 77,000,000	\$ 33,000,000	\$ 25,400,000	\$ 16,900,000	\$ 2,468,700,000

NOTE: (1) Toll Revenue includes 3% toll rate indexing on 1/1/2023

(2) Miscellaneous Revenue includes cellular tower rentals, park & ride facilities, rental income, towing fees, surplus property sales, billboard commissions, video feed licensing, easements, and arts center.

Schedule G

NEW JERSEY TURNPIKE AUTHORITY
 Certificate Required Under Section 713
 Turnpike Revenue Bond Resolution
 Fiscal Year Ending December 31, 2023

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

Revenue (1)		\$ 2,468,700,000
Operating Expenses and Reserve (2)		717,900,000
Net Revenue		<u>1,750,800,000</u>
(i) Debt Service Requirements	\$ 873,300,000	
(i) Maintenance Reserve Payments	230,000,000	
(i) Special Project Reserve Payments	<u>51,500,000</u>	<u>1,154,800,000</u>
Revenue Less Requirements		<u>\$ 596,000,000</u>
Net Revenue		\$ 1,750,800,000
(ii) "... 1.20 times Aggregate Debt Service"		
1.20 x \$ 873,300,000		<u>1,048,000,000</u>
Excess Revenue (3)		<u>\$ 702,800,000</u>
Debt Service Coverage		<u>2.00</u>

- (1) Revenue includes 3% toll rate indexing on 1/1/2023.
- (2) Operating Expenses and Reserve includes the operating expenses of \$713,700,000 for the year, and the increase in the working capital reserve of \$4,200,000. The increase in working capital reserve brings the total amount of reserves in the Revenue Fund to 10% of the annual budgeted operating expenses as per section 504 (B) of the Bond Resolution.
- (3) Excess revenue will be used to cover budgeted expenses, transfers into Construction Fund and contractual payments from the General Reserve Fund of \$759,800,000.

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)."