

NEW JERSEY TURNPIKE AUTHORITY MEMORANDUM



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

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

DATE: October 10, 2023

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 2023 and 2024. 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 2023 and 2024.

As the basis for your review, I have prepared the following schedules relative to the two years under review, 2023 and 2024, 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 2023 and 2024, 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.

Schedules B and C

These schedules set forth calculations relative to 2023's revenue requirements. Specifically, the schedule provides actual revenue through September 30, 2023 and projected revenue for the balance of the year (October-December 2023).

Schedules E and F

These schedules set forth calculations relative to 2024's financial projections and estimated revenue provisions.

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 (2023 and 2024) "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)."

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 2023 and 2024 will be sufficient to comply with Section 713 (b) of the Resolution.

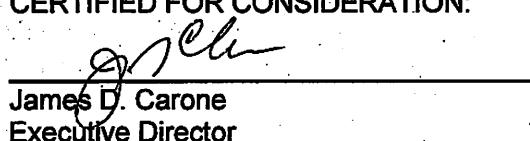


Donna Manuelli
Chief Financial Officer



Ann Christine Monica
Acting Director of Law

CERTIFIED FOR CONSIDERATION:



James D. Carone
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 2023 and 2024, 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 2023 and 2024, 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 2023 and 2024 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, 2023

Operating Expenses and Reserve (1)	\$ 664,900,000
Debt Service Requirements (2)	875,100,000
Maintenance Reserve Payments	230,000,000
Special Project Reserve Payments	<u>51,500,000</u>
Total Requirements	1,821,500,000
 Deduct Revenue:	
Actual Revenue Provision - January - September 2023	\$ 1,925,200,000
Estimated Revenue Provision October - December 2023 (Estimate per Schedule C)	<u>623,400,000</u> <u>2,548,600,000</u>
Revenue Less Requirements	<u>\$ 727,100,000</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 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 (3)(4)(5)	66,900,000
Series 2016 A-D Debt Service Requirement (3)(4)	25,300,000
Series 2017 A-G Debt Service Requirement (3)(4)	315,000,000
Series 2019 A Debt Service Requirement	20,500,000
Series 2020 A-D Debt Service Requirement (3)(4)	16,400,000
Series 2021 A-B Debt Service Requirement	85,300,000
Series 2022 A-C Debt Service Requirement	45,900,000
Series 2023 A Debt Service Requirement	1,800,000
Series 2023 New Money Debt Service Requirement (6)	<u>6,300,000</u>
Total Debt Service	<u>916,100,000</u>
Funded from Bond Proceed (capitalized interest)	<u>(41,000,000)</u>
Net Debt Service Funded from Revenue	<u>\$ 875,100,000</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$660,200,000 for the year, and the increase in the working capital reserve of \$4,700,000. 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.
- (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%.
- (6) Assumes New Money issuance in October 2023 of \$500M 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, 2023

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Miscellaneous (1)	Total Revenue
October	187,700,000	11,000,000	6,500,000	2,800,000	6,300,000	1,100,000	215,400,000
November	176,600,000	11,000,000	6,400,000	2,700,000	6,200,000	1,100,000	204,000,000
December	175,600,000	11,000,000	6,400,000	2,800,000	6,300,000	1,900,000	204,000,000
	\$ 539,900,000	\$ 33,000,000	\$ 19,300,000	\$ 8,300,000	\$ 18,800,000	\$ 4,100,000	\$ 623,400,000

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

Schedule D

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	\$ 2,548,600,000
Operating Expenses and Reserve (1)	<u>664,900,000</u>
Net Revenue	<u>1,883,700,000</u>
(i) Debt Service Requirements	\$ 875,100,000
(i) Maintenance Reserve Payments	230,000,000
(i) Special Project Reserve Payments	<u>51,500,000</u>
Revenue Less Requirements (2)	<u>1,156,600,000</u>
Net Revenue	\$ 727,100,000
(ii) "... 1.20 times Aggregate Debt Service" 1.20 x \$ 875,100,000	<u>1,050,100,000</u>
Excess Revenue	<u>\$ 833,600,000</u>
Debt Service Coverage	<u>2.15</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$660,200,000 for the year, and the increase in the working capital reserve of \$4,700,000. 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 \$727,300,000

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, 2024

Operating Expenses and Reserve (1)	\$ 760,100,000
Debt Service Requirements (2)	922,600,000
Maintenance Reserve Payments	240,000,000
Special Project Reserve Payments	<u>54,100,000</u>
Total Requirements	1,976,800,000
 Deduct Revenue:	
Estimated Revenue Provision January/December 2024 (Estimate per Schedule F)	2,578,100,000
 Revenue Less requirements	<u>\$ 601,300,000</u>
 (2) Net Debt Service Requirement is as follows:	
Series 2004 C-2 Debt Service Requirement	\$ 140,200,000
Series 2005 A-D Debt Service Requirement	43,500,000
Series 2009 F 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	107,000,000
Series 2015 E Debt Service Requirement	36,400,000
Series 2016 A-D Debt Service Requirement	7,300,000
Series 2017 A-G Debt Service Requirement	153,100,000
Series 2019 A Debt Service Requirement	20,500,000
Series 2020 B-D Debt Service Requirement	44,800,000
Series 2021 A-B Debt Service Requirement	119,200,000
Series 2022 A-C Debt Service Requirement	45,600,000
Series 2023 A Debt Service Requirement	5,400,000
Series 2023 New Money Debt Service Requirement (3)	25,000,000
Series 2024 New Money Debt Service Requirement (4)	<u>50,000,000</u>
 Total Debt Service	<u>\$ 1,032,300,000</u>
Funded from Bond Proceed (capitalized interest)	<u>(109,700,000)</u>
 Net Debt Service Funded from Revenue	<u>\$ 922,600,000</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$756,400,000 for the year, and the increase in the working capital reserve of \$3,700,000. 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) Assumes New Money issuance in October 2023 of \$500M at 5% w/capitalized interest for first 3 years.
- (4) Assumes New Money issuances in January 2024 of \$1.0 billion at 5% w/capitalized interest for first 3 years.

Schedule F

NEW JERSEY TURNPIKE AUTHORITY Estimated Revenue Provision January 2024 through December 2024

Month	Toll Revenue	E-ZPass Fees	Build America Bonds Subsidy	Concession Revenue	Income from Investments	Miscellaneous (1)	Total Revenue
January	\$ 166,500,000	\$ 10,500,000	\$ 6,400,000	\$ 2,700,000	\$ 5,100,000	\$ 1,500,000	\$ 192,700,000
February	160,900,000	10,500,000	6,400,000	2,700,000	4,600,000	1,600,000	186,700,000
March	177,700,000	10,400,000	6,400,000	2,800,000	5,100,000	1,500,000	203,900,000
April	188,900,000	10,400,000	6,500,000	2,700,000	4,900,000	1,500,000	214,900,000
May	198,800,000	10,400,000	6,400,000	2,700,000	5,100,000	1,400,000	224,800,000
June	200,500,000	10,400,000	6,400,000	2,800,000	4,900,000	1,500,000	226,500,000
July	210,100,000	10,400,000	6,400,000	2,800,000	5,100,000	1,500,000	236,300,000
August	211,200,000	10,400,000	6,400,000	2,800,000	5,100,000	1,500,000	237,400,000
September	189,500,000	10,400,000	6,500,000	2,800,000	4,900,000	1,400,000	215,500,000
October	195,300,000	10,400,000	6,400,000	2,700,000	5,100,000	1,200,000	221,100,000
November	183,600,000	10,400,000	6,400,000	2,700,000	4,900,000	1,100,000	209,100,000
December	182,500,000	10,400,000	6,400,000	2,800,000	5,200,000	1,900,000	209,200,000
	\$ 2,265,500,000	\$ 125,000,000	\$ 77,000,000	\$ 33,000,000	\$ 60,000,000	\$ 17,600,000	\$ 2,578,100,000

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 G**NEW JERSEY TURNPIKE AUTHORITY**

Certificate Required Under Section 713

Turnpike Revenue Bond Resolution

Fiscal Year Ending December 31, 2024

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

Revenue		\$ 2,578,100,000
Operating Expenses and Reserve (1)		760,100,000
Net Revenue		<u>1,818,000,000</u>
(i) Debt Service Requirements	\$ 922,600,000	
(i) Maintenance Reserve Payments	240,000,000	
(i) Special Project Reserve Payments	<u>54,100,000</u>	<u>1,216,700,000</u>
Revenue Less Requirements (2)		<u>\$ 601,300,000</u>
Net Revenue		\$ 1,818,000,000
(ii) "... 1.20 times Aggregate Debt Service"		
$1.20 \times \$ 922,600,000$		<u>1,107,100,000</u>
Excess Revenue		<u>\$ 710,900,000</u>
Debt Service Coverage		<u>1.97</u>

- (1) Operating Expenses and Reserve includes the operating expenses of \$756,400,000 for the year, and the increase in the working capital reserve of \$3,700,000. 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 \$601,300,000

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)."