

OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

Resolution Authorizing the Executive Director to Implement the Ohio Turnpike and Infrastructure Commission's New Schedules of Tolls

WHEREAS, in accordance with Governor John Kasich's Ohio Jobs and Transportation Plan (the "Plan"), as endorsed by the Commission via Resolution No. 1-2013, as well as the amendments that became effective to the Ohio Turnpike Act on July 1, 2013 (the "Act"), the Commission will engage in the issuance of up to \$1.5 billion dollars in Turnpike Revenue Bonds over the next several years that will be used to fund Infrastructure Projects as defined under the Act, as identified by the Ohio Department of Transportation and approved by the Ohio Turnpike and Infrastructure Commission, with the first issuance to also include \$70 million to help accelerate the Commission's mainline pavement reconstruction program; and

WHEREAS, the Commission is authorized by the provisions of Ohio Revised Code Sections 5537.04 and 5537.13 to establish the schedule of toll rates, and Section 4.04(a) of its Senior Lien Master Trust Agreement as amended and fully restated under the Eighteenth Supplemental Trust Agreement dated as of April 8, 2013 (collectively, the Master Trust Agreement), allows the Commission to increase tolls from time to time as necessary to cover the cost of the operation, maintenance and administration of the Turnpike Project, and also to meet the required debt service coverage under the Master Trust Agreement; and

WHEREAS, to implement the Plan, the Executive Director and CFO/Comptroller have previously recommended that toll rate increases are needed to pay any increased operating costs over the next ten years, as well as increases in debt service payments required because of the issuance of Turnpike Revenue Bonds to fund the Infrastructure Projects contemplated under the Plan; and

WHEREAS, the Executive Director and CFO/Comptroller have concluded that, on January 1, 2014, and on the first day of January each year thereafter through 2023, a toll rate increase of 2.7% per year, which approximates the historical rate of inflation, will provide stable predetermined toll rates from which traffic and revenue forecasts and financial projections have been generated and provided to support the issuance of Turnpike Revenue Bonds in order to implement the Governor's Plan; and

WHEREAS, the 2.7% per year toll rate increases are meant to estimate the future rate of inflation and may be higher than or lower than the actual rate of inflation; and

WHEREAS, via Resolution No. 21-2013 and, in accordance with Ohio Revised Code Section 5537.26, the Commission authorized the Executive Director to issue the requisite notice to the Governor and the respective leaders of the General Assembly explaining the justification for the toll rate increases, and to issue public notice and hold public hearings regarding the proposed Schedules of Tolls attached to this Resolution; and

WHEREAS, all requirements of Ohio Revised Code Section 5537.26 have been met, and the Executive Director has issued a written report to the Commission that summarizes the public comments received regarding the proposed Schedules of Tolls, including the comments submitted during the three public hearings that were conducted prior to any final action by the Commission in accordance with the requirements of Ohio Revised Code Section 5537.26; and

WHEREAS, the Commission has duly considered all of the public comments received.

NOW, THEREFORE, BE IT

RESOLVED, with all requirements of Ohio Revised Code Section 5537.26 having been met, the Commission hereby adopts the revised Schedules of Tolls attached hereto, and the Executive Director is authorized to implement the revised Schedules of Toll rates effective as of 12:00 a.m., January 1, 2014; and

FURTHER RESOLVED that, if the cumulative increase in the toll rates exceeds the cumulative rate of inflation from January 1, 2012 (the date of the last toll increase) through December 31, 2023, in accordance with the requirements of Sections 4.04(a) and 5.09 of the Master Trust Agreement, it is the Commission's intent to freeze tolls after the tenth year until the cumulative rate of inflation from January 1, 2012, forward exceeds the cumulative increase in tolls since that date; and

FURTHER RESOLVED that, if the cumulative increase in the toll rates is less than the cumulative rate of inflation, and the Commission's operating and capital costs are increasing more than projected, the CFO/Comptroller and the Executive Director are instructed to determine whether a change in the toll rate schedule is required so that the Commission will have sufficient funds to pay operating, debt service and capital costs in accordance with the requirements of Sections 4.04(a) and 5.09 of the Master Trust Agreement; and

FURTHER RESOLVED that the Executive Director of the Ohio Turnpike and Infrastructure Commission, in accordance with Section 4.04(f) of the Master Trust Agreement, will provide a certified copy of this resolution to the Huntington National Bank, as Trustee for the Bondholders, and to the Commission's appointed bond counsel.

(Resolution No. 43-2013 adopted July 15, 2013)