

## OFFICIAL STATEMENT

### NEW ISSUE

#### Book Entry Only

**RATINGS:** (See “RATINGS” herein)

*In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law (i) assuming continuing compliance with certain covenants and the accuracy of certain representations, interest on the 2017 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax, and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the 2017 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the 2017 Bonds may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, see “TAX MATTERS” herein.*



**\$114,670,000**  
**STATE OF OHIO**  
**TURNPIKE REVENUE REFUNDING BONDS, 2017 SERIES A**  
**ISSUED BY THE**  
**OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION**

**Dated: Date of Delivery**

**Due: February 15 in the years shown herein**

The State of Ohio Turnpike Revenue Refunding Bonds, 2017 Series A (the “2017 Bonds”) are being issued by the Ohio Turnpike and Infrastructure Commission, a body both corporate and politic of the State of Ohio (the “Commission”), under the Amended and Restated Master Trust Agreement (Eighteenth Supplemental Trust Agreement) dated as of April 8, 2013 between the Commission and The Huntington National Bank, Columbus, Ohio, as trustee (the “Master Senior Lien Trust Agreement”) as amended and supplemented by various supplemental trust agreements, including the Twenty-First Supplemental Trust Agreement (collectively, the “Senior Lien Trust Agreement”). The 2017 Bonds are being issued for the purpose of providing funds to advance refund certain of the Series 2009A Bonds and the Series 2010A Bonds (as hereinafter defined) which were originally issued to finance costs of making certain capital improvements to the Turnpike System (as hereinafter defined) and to pay costs of issuance of the 2017 Bonds.

The 2017 Bonds will be dated the date of initial issuance and delivery thereof and will bear interest from their delivery date at the rates shown on the inside front cover, calculated on the basis of a year of 360 days consisting of twelve 30 day months. The inside cover page of this Official Statement contains information concerning the maturity schedules, principal amounts, interest rates, prices and approximate yields of the 2017 Bonds.

The 2017 Bonds are subject to redemption prior to maturity as described herein. See “DESCRIPTION OF THE 2017 BONDS - Redemption of 2017 Bonds” herein.

THE 2017 BONDS AND THE INTEREST THEREON WILL BE SPECIAL OBLIGATIONS OF THE STATE OF OHIO ISSUED BY THE COMMISSION AND WILL BE PAYABLE SOLELY FROM THE SYSTEM PLEDGED REVENUES. NOTHING IN THE 2017 BONDS, THE SENIOR LIEN TRUST AGREEMENT, OR ANY OTHER DOCUMENT WILL REPRESENT OR CONSTITUTE GENERAL OBLIGATIONS, DEBT OR BONDED INDEBTEDNESS OF THE COMMISSION, THE STATE OF OHIO OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, AND THE HOLDERS OR OWNERS OF THE 2017 BONDS WILL NOT BE GIVEN THE RIGHT, AND HAVE NO RIGHT, TO HAVE EXCISE TAXES, AD VALOREM TAXES OR OTHER TAXES LEVIED BY THE STATE OF OHIO OR THE TAXING AUTHORITY OF ANY OTHER POLITICAL SUBDIVISION FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2017 BONDS. NEITHER THE GENERAL CREDIT, FAITH NOR RESOURCES OF THE COMMISSION OR THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2017 BONDS.

The 2017 Bonds will be payable from and secured by a pledge of and a senior lien on System Pledged Revenues, as defined in the Senior Lien Trust Agreement, on a parity with other outstanding and any additional Senior Lien Bonds (as herein defined) that may be issued. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS” herein.

The 2017 Bonds are offered when, as and if issued and received by the Underwriters, subject to prior sale and to withdrawal or modification of the offer without notice. Certain legal matters relating to the issuance of the 2017 Bonds are subject to the approving opinion of Squire Patton Boggs (US) LLP, Bond Counsel (see “LEGAL MATTERS” and “TAX MATTERS” herein). Certain legal matters will be passed upon for the Commission by its General Counsel, Jennifer L. Stueber. Certain legal matters will be passed upon for the Underwriters by Tucker Ellis LLP. The 2017 Bonds are expected to be available for delivery through The Depository Trust Company on or about September 28, 2017.

**Citigroup**

**Fifth Third Securities**

**Fidelity Capital Markets**

**Loop Capital Markets**

Date: September 13, 2017

**\$114,670,000**  
**STATE OF OHIO**  
**TURNPIKE REVENUE REFUNDING BONDS, 2017 SERIES A**

<u>Maturity Date</u> <u>(February 15)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP*</u>
02/15/2018	\$ 525,000	3.000%	0.750%	100.852	67760HKV2
02/15/2019	880,000	3.000%	0.850%	102.944	67760HKW0
02/15/2020	895,000	3.000%	0.950%	104.813	67760HKX8
02/15/2021	9,210,000	5.000%	1.030%	113.155	67760HKY6
02/15/2022	14,995,000	3.000%	1.180%	107.747	67760HKZ3
02/15/2023	15,605,000	5.000%	1.300%	119.166	67760HLA7
02/15/2024	8,035,000	5.000%	1.480%	121.354	67760HLB5
02/15/2025	8,940,000	5.000%	1.650%	123.186	67760HLC3
02/15/2026	18,415,000	5.000%	1.800%	124.787	67760HLD1
◆					
02/15/2028	20,360,000	5.000%	2.060%**	124.959	67760HLE9
02/15/2029	5,400,000	5.000%	2.170%**	123.900	67760HLF6
02/15/2030	5,665,000	5.000%	2.250%**	123.136	67760HLG4
02/15/2031	5,745,000	5.000%	2.350%**	122.190	67760HLH2

\*CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the Commission or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. None of the Commission or the Underwriters has agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*\* Priced at the stated yield to the February 15, 2027 optional redemption date at a redemption price of 100%.

# OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION

## MEMBERS

<u>Name</u>	<u>Title</u>	<u>Membership Term Expires</u>
Jerry N. Hruby	Chairman*	6/30/21
Timothy J. Paradiso	Vice-Chairman*	6/30/18
Sandra K. Barber	Secretary-Treasurer*	6/30/19
George F. Dixon, III	Member	6/30/22
Capri S. Cafaro	Member	6/30/18
Michael A. Peterson	Member	6/30/20
Jerry Wray	Ex-Officio Member	(a)
Timothy S. Keen	Ex-Officio Non-Voting Member	(b)
Sen. Frank LaRose	Non-Voting Member	(c)
Rep. Thomas F. Patton	Non-Voting Member	(d)

\* Officers are elected for four year terms; the current terms for the Chairman and the Secretary-Treasurer expire on June 30, 2019; the current term of office for the Vice Chairman expires on June 30, 2018.

- (a) While Director of Ohio Department of Transportation
- (b) While Director of Office of Budget and Management
- (c) Appointed by President of Ohio Senate
- (d) Appointed by Speaker of Ohio House of Representatives

## EXECUTIVE STAFF

RANDY COLE, Executive Director  
JENNIFER L. STUEBER, General Counsel  
MARTIN S. SEEKELY, Deputy Executive Director, Chief Financial Officer/Comptroller  
MATTHEW COLE, Director of Administration  
ANTHONY YACOBUCCI, Chief Engineer  
DAVID J. MILLER, Director of Audit and Internal Control  
SHARON D. ISAAC, Director of Toll Operations  
MARK MUSSON, Director of Contract Administration  
ADAM L. GREENSLADE, Director of Governmental Affairs, Marketing and Communications

## BOND COUNSEL

SQUIRE PATTON BOGGS (US) LLP  
Cleveland, Ohio

## MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC  
Cleveland, Ohio

## TRUSTEE

THE HUNTINGTON NATIONAL BANK  
Columbus, Ohio

## INDEPENDENT AUDITORS

PLANTE & MORAN, PLLC  
Columbus, Ohio

## CONSULTING ENGINEERS

AECOM TECHNICAL SERVICES, INC.  
Akron, Ohio

## TRAFFIC CONSULTANT

JACOBS ENGINEERING GROUP INC.  
Cincinnati, Ohio

This Official Statement does not constitute an offering of any security other than the original offering of bonds (the “2017 Bonds”) of the State of Ohio (the “State”) by the Ohio Turnpike and Infrastructure Commission (the “Commission”) identified on the cover hereof. No person has been authorized by the State or the Commission to give any information or to make any representation, other than that contained in this Official Statement, and if given or made, such other information or representation not so authorized must not be relied upon as having been given or authorized by the Commission or the State. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the 2017 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

The information and expressions of opinions herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial position or other aspects of the Commission since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THIS OFFICIAL STATEMENT, INCLUDING THE EXHIBITS, CONTAINS FORECASTS, PROJECTIONS AND ESTIMATES THAT ARE BASED ON CURRENT EXPECTATIONS OR ASSUMPTIONS. IF AND WHEN INCLUDED IN THIS OFFICIAL STATEMENT, THE WORDS “EXPECTS,” “FORECASTS,” “PROJECTS,” “INTENDS,” “ANTICIPATES,” “ESTIMATES,” “ASSUMES” AND ANALOGOUS EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ANY SUCH STATEMENTS INHERENTLY ARE SUBJECT TO A VARIETY OF RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE THAT HAVE BEEN PROJECTED. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, LITIGATION AND VARIOUS OTHER EVENTS, CONDITIONS AND CIRCUMSTANCES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMMISSION. THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFICIAL STATEMENT. THE COMMISSION DOES NOT PLAN TO ISSUE ANY UPDATE OR REVISION TO ANY FORWARD-LOOKING STATEMENT CONTAINED HEREIN TO REFLECT ANY CHANGE IN THE COMMISSION’S EXPECTATIONS WITH REGARD THERETO OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY SUCH STATEMENT IS BASED, SUBJECT TO ITS CONTRACTUAL OBLIGATIONS OF CONTINUING DISCLOSURE HEREIN.

THE 2017 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE 2017 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The 2017 Bonds, like all obligations of state and local governments or their agencies and authorities, are subject to changes in value due to changes in the condition of the market for tax-exempt obligations or changes in the financial position of the Commission due to the economy or otherwise. It is possible under certain market or economic conditions, or if the financial condition of the Commission should change, that the market price of the 2017 Bonds could be adversely affected. With regard to the risk involved in a loss of the exclusion from gross income for purposes of federal income taxation of interest payable on the 2017 Bonds, see “TAX MATTERS” herein. With regard to the risk involved in a downward revision or withdrawal of the ratings for the 2017 Bonds, see “RATINGS” herein.

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## OFFICIAL STATEMENT

**\$114,670,000**  
**STATE OF OHIO**  
**TURNPIKE REVENUE REFUNDING BONDS, 2017 SERIES A**  
**ISSUED BY THE**  
**OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION**

### INTRODUCTION

This Official Statement has been prepared by the Ohio Turnpike and Infrastructure Commission (the “Commission”) in connection with the original issuance and sale by the Commission of the \$114,670,000 State of Ohio Turnpike Revenue Refunding Bonds, 2017 Series A identified on the cover page hereof (the “2017 Bonds”).

All financial and other information presented herein has been provided by the Commission from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from tolls and other sources, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other aspects of the Commission. No representation is made that past experience, as might be shown by such financial and other information, will necessarily continue or be repeated in the future.

This Official Statement should be considered in its entirety and no subject discussed should be considered less important than any other subject by reason of its location in the text.

Additional information relating to the financial condition of the Commission may be obtained by contacting its Deputy Executive Director/Chief Financial Officer/Comptroller at the offices of the Commission, 682 Prospect Street, Berea, Ohio 44017, telephone (440) 234-2081. General information about the Commission and the Ohio Turnpike is also available on the Internet at [www.ohioturnpike.org](http://www.ohioturnpike.org).

Terms used in this Official Statement and not otherwise defined shall have the meanings set forth for such terms in the GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT attached to this Official Statement as Exhibit A.

### **Ohio Turnpike and Infrastructure Commission**

The Commission (formerly the Ohio Turnpike Commission) is a body both corporate and politic of the State of Ohio (the “State”) created by the Ohio Turnpike Act (the “Act”) with the power to construct, operate and maintain the Ohio Turnpike System (as described below). The Commission’s composition, powers, duties, functions, duration and all other attributes are derived from the Act, as amended and supplemented from time to time. See “THE COMMISSION” herein.

### **Purpose of the 2017 Bonds**

The proceeds of the 2017 Bonds will be used to advance refund a portion of the Commission’s \$137,205,000 State of Ohio Turnpike Revenue Refunding Bonds, 2009 Series A and \$131,290,000 State of Ohio Turnpike Revenue Refunding Bonds, 2010 Series A and to pay the costs of issuance of the 2017 Bonds. See “PLAN OF FINANCE” and “SOURCES AND USES OF PROCEEDS” herein.

## **Senior Lien Trust Agreement**

The 2017 Bonds are being issued pursuant to that certain Amended and Restated Master Trust Agreement (Eighteenth Supplemental Trust Agreement) dated as of April 8, 2013, between the Commission and The Huntington National Bank, as Trustee (the “Master Senior Lien Trust Agreement”), as amended and supplemented by various supplemental trust agreements, including the Twenty-First Supplemental Trust Agreement dated as of September 1, 2017 (collectively, the “Senior Lien Trust Agreement”) and a resolution adopted by the Commission on August 21, 2017.

## **Interest on 2017 Bonds**

Interest on the 2017 Bonds is payable on each February 15 and August 15, commencing on February 15, 2018 (each an “Interest Payment Date”).

## **Redemption**

The 2017 Bonds are subject to optional redemption prior to maturity under certain circumstances as more fully set forth herein. See “DESCRIPTION OF THE 2017 BONDS - Redemption of 2017 Bonds.”

## **Limitation**

THE 2017 BONDS AND THE INTEREST THEREON WILL BE SPECIAL OBLIGATIONS OF THE STATE OF OHIO ISSUED BY THE COMMISSION AND WILL BE PAYABLE SOLELY FROM THE SYSTEM PLEDGED REVENUES. NOTHING IN THE 2017 BONDS, THE SENIOR LIEN TRUST AGREEMENT, OR ANY OTHER DOCUMENT WILL REPRESENT OR CONSTITUTE GENERAL OBLIGATIONS, DEBT OR BONDED INDEBTEDNESS OF THE COMMISSION, THE STATE OF OHIO OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, AND THE HOLDERS OR OWNERS OF THE 2017 BONDS WILL NOT BE GIVEN THE RIGHT, AND HAVE NO RIGHT, TO HAVE EXCISE TAXES, AD VALOREM TAXES OR OTHER TAXES LEVIED BY THE STATE OF OHIO OR THE TAXING AUTHORITY OF ANY OTHER POLITICAL SUBDIVISION FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2017 BONDS. NEITHER THE GENERAL CREDIT, FAITH NOR RESOURCES OF THE COMMISSION OR THE STATE OF OHIO, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2017 BONDS.

## **Security for the 2017 Bonds**

The 2017 Bonds will be equally and ratably secured, along with the Commission’s \$298,575,000 aggregate principal amount of Turnpike Revenue Refunding Bonds, 1998 Series A, issued on September 1, 1998 (the “1998 Series A Bonds”), the Commission’s \$137,205,000 aggregate principal amount of Turnpike Revenue Refunding Bonds, 2009 Series A, issued on May 19, 2009 (the “2009 Series A Bonds”), the Commission’s \$131,290,000 aggregate principal amount of Turnpike Revenue Refunding Bonds, 2010 Series A, issued on November 18, 2010 (the “2010 Series A Bonds”), and the Commission’s \$73,495,000 aggregate principal amount of Turnpike Revenue Bonds, 2013 Series A, issued on August 15, 2013 (the “2013 Series A Senior Lien Bonds”, and together with the 1998 Series A Bonds, the 2009 Series A Bonds, and the 2010 Series A Bonds the “Outstanding Senior Lien Bonds”), and along with any additional Senior Lien Bonds that may be issued pursuant to the Senior Lien Trust Agreement, by a pledge of and senior lien on the System Pledged Revenues (as hereinafter defined). See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS” herein.



## **Toll Increases**

In conjunction with the Commission's issuance of the 2013 Bonds, the Commission implemented a series of forward-looking toll increases that take effect incrementally over 10 years. Specifically, the Commission, at its July 15, 2013 meeting, implemented a toll increase plan that increases rates by an average of 2.7% each year (the historical rate of inflation) for 10 years beginning January 1, 2014 and continuing through 2023. The Commission may increase rates further if such increase is required by the toll covenants in the Senior Lien Trust Agreement or the Junior Lien Master Trust Agreement, dated as of August 1, 2013, as supplemented by the First Supplemental Junior Lien Trust Agreement dated as of August 1, 2013 (the "Junior Lien Trust Agreement"), between the Commission and The Huntington National Bank, Columbus, Ohio, as trustee (the "Junior Lien Trustee"). See "SECURITY AND SOURCE OF PAYMENT FOR THE 2017 BONDS – Toll Rate Covenant" herein.

One exception to the schedule of toll increases is that no toll increases will occur for passenger vehicles using *E-ZPass*® and making local trips of less than 30 miles over the same 10 year period. After 2023, the Commission's projections currently assume that the toll rate for these particular trips will experience a one-time increase by compounding the historical rate of inflation between 2013 and 2023.

The Commission's projections also currently assume that after 2023 tolls will increase for all vehicles, regardless of class or payment method, by 2.7 percent each year for 5 years beginning on January 1, 2024 and then 2 percent annually thereafter.

The toll increases have been determined by the Commission taking into account the amount necessary to meet existing and projected debt service and operational and maintenance obligations of the Commission. For a complete description of toll increases adopted by the Commission, see "EXHIBIT D - TRAFFIC AND TOLL REVENUE FORECAST" and "TOLLS AND TOLL COLLECTION" and "LITIGATION" herein.

## **Traffic and Toll Revenue Forecast and Projected Results**

Attached hereto as Exhibit D is the Ohio Turnpike Traffic and Toll Revenue Forecast prepared by Jacobs Engineering Group Inc. (the "Traffic Consultant") dated August 25, 2017 (the "Traffic and Toll Revenue Forecast"). As set forth in the Traffic and Toll Revenue Forecast, total gross toll revenue is estimated to increase from \$297.8 million in 2017 to \$928.4 million in 2056. The forecast assumes escalation of toll rates approved by the Commission, as described above. The traffic and gross toll forecasts are subject to future economic and social conditions, demographic developments and regional transportation construction activities that cannot be predicted with certainty. The Traffic and Toll Revenue Forecast is subject to the limitations and assumptions detailed therein, and should be read in its entirety for a full description of the assumptions and methodologies used to develop such forecasts and the related limitations. See "INVESTMENT CONSIDERATIONS" and "EXHIBIT D - TRAFFIC AND TOLL REVENUE FORECAST" herein.

The Commission retained the Traffic Consultant to prepare the Traffic and Toll Revenue Forecast and to project the financial results of the Commission's operations in the years 2017-2056. The projections summarized under the heading "PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE" herein are based upon revenue estimates (taking into account implementation of toll adjustments adopted by the Commission) and operating expense projections and the implementation of the Commission's 2017-2027 capital program (described below). The results of this analysis are included in the Traffic and Toll Revenue Forecast included as Exhibit D, which should be read in its entirety.

## THE COMMISSION

Since 1955, the Commission has operated the Ohio Turnpike System (the “Turnpike System”), a modern, limited access highway which travels 241 miles across the State of Ohio from its border with Pennsylvania to its border with Indiana. Various sections of the Turnpike System are designated as Interstate Routes 76, 80 and 90. See “THE TURNPIKE SYSTEM - General” herein.

The Commission determines toll rates, collects revenues, controls disbursements and has title to all assets, except for title to real estate, which the Commission purchases in the name of the State of Ohio with the beneficial use being held by the Commission.

### **Governance and Oversight**

The Commission consists of ten members, including seven voting members. Six of the voting members are appointed by the Governor with the advice and consent of the Ohio Senate, no more than three of whom may be members of the same political party. The seventh voting member is the Director of the Ohio Department of Transportation (“ODOT”), who is a voting member ex-officio. The three remaining members, the Director of the Office of Budget and Management (“OBM”), a state senator and a state representative, have non-voting status. The state senator and the state representative are named, respectively, by the President of the Ohio Senate and the Speaker of the Ohio House of Representatives. Members appointed prior to July 1, 2013 are serving eight-year terms staggered such that one term starts or expires every two years. Members appointed on and after July 1, 2013 will serve five-year terms.

Legislation was enacted in 1996 to create the Turnpike Oversight Committee, which was subsequently renamed the Turnpike Legislative Review Committee. The Committee consists of six members of the Ohio General Assembly (three each from the Ohio Senate and the Ohio House of Representatives). The Commission reports quarterly to the Committee on certain Commission matters, including financial and budgetary matters and on-going and proposed projects of the Commission. The Turnpike Legislative Review Committee is also authorized to review the location of new Turnpike System projects the Commission plans to undertake.

Legislation was enacted in 2007 to require the Commission to (i) notify the Governor and legislative leaders prior to any toll change, (ii) allow certain committee chairs of the legislature responsible for transportation budget matters to request the Commission to provide past budgets and present proposed budgets, (iii) submit its annual budget to the Governor, OBM, the leadership of the Ohio General Assembly and the Ohio Legislative Service Commission for their review, (iv) seek approval of OBM prior to any debt issuance and, in connection therewith, any trust agreements or supplements thereto, and to (v) add the Director of Development (now called the Director of the Development Services Agency) and the Director of OBM as additional ex-officio non-voting members of the Commission.

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## Ohio Turnpike and Infrastructure Commission Members

<u>Name</u>	<u>Title</u>	<u>Membership Term Expires</u>
Jerry N. Hruby	Chairman*	6/30/21
Timothy J. Paradiso	Vice-Chairman*	6/30/18
Sandra K. Barber	Secretary-Treasurer*	6/30/19
George F. Dixon, III	Member	6/30/22
Michael A. Peterson	Member	6/30/20
Capri S. Cafaro	Member	6/30/18
Jerry Wray	Ex-Officio Member	(a)
Timothy S. Keen	Ex-Officio Non-Voting Member	(b)
Sen. Frank LaRose	Non-Voting Member	(c)
Rep. Thomas F. Patton	Non-Voting Member	(d)

\* Officers are elected for four year terms; the current terms for the Chairman and the Secretary-Treasurer expire on June 30, 2019; the current term for the Vice-Chairman expires June 30, 2018.

- (a) While Director of Ohio Department of Transportation
- (b) While Director of Office of Budget and Management
- (c) Appointed by President of Ohio Senate
- (d) Appointed by Speaker of Ohio House of Representatives

### Executive Staff

*Executive Director.* Randy Cole has served as Executive Director of the Commission since December 2014 and served as a Commission member from January 2011 through September 2014. He previously served as Controlling Board President and Policy Advisor to OBM, where he also coordinated government reform initiatives for Governor John Kasich’s administration. In 2013, *Government Technology* magazine named Randy as one of the nation’s Top 25 Doers, Dreamers & Drivers. He currently serves on the Advisory Board of the “Ohio Smart Mobility Initiative,” a collaboration among universities, transportation agencies and private companies, which is focused on bringing advanced transportation technologies to Ohio. Randy’s private sector experience includes six years as a sales and marketing executive at FirstEnergy Corporation and four years as President of a technology company that developed online applications for government clients. Randy has a B.S. in Public Policy Management from the University of Akron and completed graduate coursework at The Ohio State University.

*General Counsel.* Jennifer L. Stueber, J.D., was appointed as the Commission’s General Counsel in 2015 bringing with her 20 years of experience representing clients in both the public and private sectors. The General Counsel oversees all legal affairs of the Commission relating to litigation; personal injury and property damages claims; all dispute resolutions; employment and workers’ compensation matters; insurance matters; finance; and real property matters including acquisitions, dispositions and appropriations. The General Counsel also serves as the Commission’s Chief Ethics Officer, Public Records Officer and Data Privacy Officer. Jennifer was at a major Cleveland law firm before joining the Commission in 2015 where she advised clients in matters of real estate development, private finance and public finance, including serving as bond counsel for various state and local governments, as well as underwriter’s counsel, issuer’s counsel, and disclosure counsel. Jennifer is a graduate of Cleveland Marshall College of Law and earned her B.A. degree from The Ohio State University.

*Deputy Executive Director, Chief Financial Officer and Comptroller.* Martin S. Seekely oversees all financial operations of the Commission, including budgeting, accounts receivable, accounts payable, payroll, E-ZPass® Customer accounts, investments, and debt service management. Marty joined the

Commission in May 2010 with 31 years of financial experience. During the 16 years that he was employed at Phar-Mor, Inc., he held various positions including Vice President, Chief Financial Officer, and Controller. His financial experience also includes serving as Controller for Boston Distributors, Inc.; Controller for Riser Foods, Inc.; and Assistant Controller at Fisher Foods, Inc. Marty received a B.S.B.A. from John Carroll University and became a Certified Public Accountant in 1985.

*Director of Administration.* Matthew J. Cole is responsible for the day-to-day operations of the Commission's Human Resources, Safety Services and Office Services Departments. Prior to coming to the Commission in May 2003, Matt worked as a Human Resources Manager for Cuyahoga County, Ohio. His experience includes 20+ years in the public sector and an additional 3 years in the private sector. Prior to working for Cuyahoga County and the Commission, he worked for the Bellefaire Jewish Community Board as a Counselor for emotionally and behaviorally troubled youth. Matt holds both a B.A. in Social Work and Criminal Justice and a M.A. in Labor Relations and Human Resources from Cleveland State University. He is certified as a Professional in Human Resources (PHR).

*Director of Audit and Internal Control.* David J. Miller oversees the entire audit function of the Commission. He has also served as the project manager for the procurement and implementation of the present toll collection system inclusive of electronic tolling via *E-ZPass*®. Previously, Dave held the positions of EDP Auditor and Chief Accountant for the Commission before being placed in charge of the Internal Audit and Toll Audit Departments in 1996. Prior to joining the Commission in 1993, Dave worked in public accounting with the Cleveland Office of Arthur Andersen & Company. While there, he performed financial auditing and tax preparation services for non-SEC clients and specialized in the audit and control of information systems. Mr. Miller holds a Bachelor of Arts Degree in Accounting from Grove City College, Pennsylvania. He is a Certified Public Accountant and a Certified Information Systems Auditor.

*Director of Toll Operations.* Sharon D. Isaac oversees the Commission's Toll Operations Department, which is responsible for managing all 31 interchanges and all toll collector activities through which the Commission's main revenue source is generated. Sharon's tenure with the Commission began in 1991 in the Legal Department as Staff Counsel. Ms. Isaac was promoted to the position of Assistant General Counsel in 1995 and to the position of Director of Toll Operations in 1996. Prior to her employment with the Commission, Sharon practiced law with a defense-oriented firm specializing in workers' compensation and employment law. She also served in the public sector as a Judicial Law Clerk for the Cuyahoga County Court of Common Pleas, and as a Contract Administrator for New Jersey Transit Bus Operations, Inc. Sharon holds a B.A. in Political Science from Barnard College of Columbia University, and a J.D. from The George Washington University National Law Center.

*Director of Governmental Affairs.* Adam L. Greenslade serves as the Commission's liaison with the State legislature as well as the many communities, including cities, townships and 13 counties through which the Turnpike traverses. Adam brings with him 15 years' experience in government relations and public affairs. Prior to joining the Commission, Adam served as Director of Clydescope Economic Development Corporation in Clyde, Ohio, and was the owner of North Coast Strategy Group, a full-service government relations, public affairs and grant writing firm. He has previous experience working in both chambers of the State legislature and was a registered lobbyist on the state and federal level. Adam is a graduate of The Ohio State University with a degree in Geography - Urban and Regional Systems.

*Chief Engineer.* Anthony D. Yacobucci, P.E., has earned both a Bachelor's and Master's degree in Civil Engineering, and is a registered Professional Engineer with more than 25 years of experience. He has worked for the Commission for the last four years, most recently as Assistant Chief Engineer of Structures and Facilities. In this role, he was responsible for the planning, design, construction and maintenance of the Commission's structures and facilities. Some of his recent projects include: the rehabilitation of the Erie Islands and Commodore Perry Service Plazas, the rehabilitation of the approach embankments at eleven Sandusky County bridges, and rehabilitation and painting of numerous bridges throughout the Turnpike.

Prior to joining the Commission, Tony worked in the engineering consulting industry where he served in progressive roles, including: Office Leader, Director of Operations and Vice President, with some of the nation's premier consulting engineering firms. During this timeframe, he was responsible for the management, operation and strategic vision of four multi-disciplined offices located in Cleveland, Columbus, Cincinnati and Toledo. He also served as the Commission's Consulting Engineer, in compliance with the Master Trust Agreement, from 2000 through 2008. He also played a significant role in the design and construction of the Ohio Turnpike bridges over the Cuyahoga River Valley.

*Director of Contract Administration.* Mark Musson has served as the Commission's Director of Contract Administration since 2015, and his responsibilities include overseeing the competitive procurement activities of the Commission, including its MBE/DBE Program. Prior to working for the Commission, Mark served as an Assistant Director of Law for the City of Cleveland in the Law Department's Operations Section performing in-house counsel duties for the Department of Public Works, Department of Parks, Recreation and Properties, and Department of Public Service, and the Mayor's Office of Capital Projects and Office of Equal Opportunity. Mark received a Bachelor of Science in Public Management from the School of Public and Environmental Affairs at Indiana University where he was inducted into Pi Alpha Alpha, the public administrator's honor society, and holds a master's degree in Urban Planning, Design and Development and a law degree from Cleveland State University.

### **The Commission's Role in the Ohio Jobs and Transportation Plan**

In January 2012, ODOT announced a significant budget shortfall that would require postponement of some of the State's largest, most complex transportation construction projects by up to a decade or more. In an effort to address this funding deficit, Governor John Kasich, along with ODOT and OBM, began to explore the Ohio Turnpike as a potential revenue source. Four basic options were considered: (1) a long-term lease of the Turnpike; (2) ODOT assuming Turnpike operations; (3) leveraging the Turnpike's borrowing capacity; and (4) keeping the Turnpike status quo. During the course of a ten-month study undertaken by the Governor, ODOT and OBM, the technical, financial and legal aspects of each option were considered and public input was solicited.

After completion of the study, Governor Kasich announced the Ohio Jobs and Transportation Plan (the "Plan"), which effectively adopted the third option. In general terms, the Plan gives the Commission the ability to raise funds for Infrastructure Projects through the issuance of Turnpike revenue bonds without making disruptive changes to the current Commission structure or the operation and maintenance of the Turnpike System. The Plan calls for Turnpike revenue bond proceeds to be used to fund Infrastructure Projects to alleviate the impact of the ODOT budget shortfall on significant transportation construction projects which have a transportation-related nexus to the Turnpike System. The Act requires that any Infrastructure Projects funded by the Commission have such a transportation-related "nexus."

Members of the Commission voted unanimously in support of a resolution endorsing the Plan at the Commission's January 22, 2013 meeting.

As part of the implementation of the Plan, the Ohio General Assembly adopted a number of significant changes to the Act, which became effective July 1, 2013. The changes to the Act included, among other things, the renaming of the Commission as the Ohio Turnpike and Infrastructure Commission and expanded its purpose to allow the Commission to sell Turnpike revenue bonds to finance Infrastructure Projects. Additionally, the changes to the Act established a process for the Director of ODOT to submit funding requests for Infrastructure Projects to the Commission for consideration. See "THE NEW INFRASTRUCTURE PROJECT PROGRAM - Infrastructure Project Selection Process" herein.

## Junior Lien Bonds - the Commission's Partnership with ODOT

On August 15, 2013, the Commission issued \$994,812,816 Turnpike Revenue Bonds, 2013 Series A Junior Lien Bonds to pay costs of certain transportation infrastructure projects ("Infrastructure Projects") as defined under Chapter 5537 of the Ohio Revised Code. The Plan includes the Commission's issuance of an additional \$450 million in junior lien Turnpike revenue bonds for future transportation projects. See "THE COMMISSION – The Commission's Role in the Ohio Jobs and Transportation Plan" herein. Under Chapter 5537 of the Ohio Revised Code, the Director of ODOT can apply to the Commission for funding for Infrastructure Projects provided those projects (1) have been approved by the Transportation Revenue Advisory Council ("TRAC") that oversees a project selection process for major new transportation projects and (2) have a "nexus" to the Turnpike System. See "THE INFRASTRUCTURE PROJECT PROGRAM – Infrastructure Project Selection Process" herein.

The stated purposes of the Plan were (1) to allow ODOT to work with the Commission to fund Infrastructure Projects that would otherwise need to be postponed, (2) to improve Ohio's transportation network to attract and maintain new businesses, and (3) to create new jobs. See "THE COMMISSION – The Commission's Role in the Ohio Jobs and Transportation Plan" herein. For additional information concerning the Commission, see "THE COMMISSION" herein.

The Junior Lien Bonds issued under the Junior Lien Trust Agreement as "Junior Lien Bonds" are subordinate to Senior Lien Bonds issued under the Senior Lien Trust Agreement. The payment of the principal of, premium, if any, and interest on all Junior Lien Bonds issued under the Junior Lien Trust Agreement, are secured equally and ratably by a lien on and pledge of the System Pledged Revenues, which lien and pledge are junior and subordinate to the lien and pledge of the System Pledged Revenues created by the Senior Lien Trust Agreement. THE PAYMENT OF THE JUNIOR LIEN BONDS AND ALL ADDITIONAL JUNIOR LIEN BONDS IS SUBJECT TO THE PRIOR RIGHT OF PAYMENT FROM SYSTEM PLEDGED REVENUES TO THE PAYMENT OF ALL SENIOR LIEN BONDS ISSUED UNDER THE SENIOR LIEN TRUST AGREEMENT.

In August 2013, the Director of ODOT submitted funding requests for Infrastructure Projects to the Commission for consideration and, on September 16, 2013, the Commission's Board approved the funding of specific Infrastructure Projects totaling \$930 million. Through December 31, 2016, ODOT has expended \$784,419,000 on Infrastructure Projects and the Commission has reimbursed ODOT \$762,223,000 for ODOT's expenditures on these Infrastructure Projects. It is anticipated that the entire \$930 million in 2013 Junior Lien Bond Proceeds will be paid to ODOT by the end of 2018. The status of the funding (in thousands) of each infrastructure project as of December 31, 2016 is as follows:

Project	County	Approved Amount	Amount Expended by ODOT	Infrastructure Funds Paid to ODOT
I-75 Widening	Hancock/Wood	\$283,280	\$264,460	\$260,739
I-90 Innerbelt Bridge	Cuyahoga	275,020	269,073	268,613
I-75 and I-475 Interchange	Lucas	122,200	64,377	57,703
I-80 Widening	Mahoning/Trumbull	65,500	36,046	33,442
I-75 Widening	Lucas	63,000	48,674	43,965
I-271 Widening	Summit	49,000	46,562	46,562
I-475 and Rt. 20 Interchange	Lucas	27,500	18,366	14,670
SR 57	Lorain	16,500	16,000	16,000
Opportunity Corridor	Cuyahoga	14,000	8,336	8,043
US 250 Widening	Erie	14,000	12,525	12,486
		<u>\$930,000</u>	<u>\$784,419</u>	<u>\$762,223</u>

The Commission is required by the Act to make an annual report to the Governor and the General Assembly on the funding of Turnpike System Projects and Infrastructure Projects. The Act further requires the Commission to submit an annual report to the Turnpike Legislative Review Committee on Infrastructure Projects approved and funded by the Commission.

**PLAN OF FINANCE**

The 2017 Bonds are being issued to provide funds to (i) advance refund a portion of the Commission’s \$137,205,000 State of Ohio Turnpike Revenue Refunding Bonds, 2009 Series A and \$131,290,000 State of Ohio Turnpike Revenue Refunding Bonds, 2010 Series A (the refunded portion of each such series referred to collectively herein as the “Refunded Bonds”) and (ii) pay the costs of issuance of the 2017 Bonds. See Exhibit G for detailed information regarding the Refunded Bonds.

**SOURCES AND USES OF PROCEEDS**

The proceeds received from the sale of the 2017 Bonds, together with other sources and the expected application of these funds is as follows:

<b>Sources:</b>	
Par Amount of 2017 Bonds	\$114,670,000.00
Net Original Issue Premium	22,748,419.65
Other Sources	<u>520,830.73</u>
<b>TOTAL SOURCES</b>	<b><u>\$137,939,250.38</u></b>
<b>Uses:</b>	
Deposit to Escrow Fund	\$137,308,057.41
Costs of Issuance <sup>1</sup>	<u>631,192.97</u>
<b>TOTAL USES</b>	<b><u>\$137,939,250.38</u></b>

<sup>1</sup> Includes underwriters’ discount, additional proceeds, fees and expenses of counsel and counsel to the underwriters, rating agency fees, printing expenses, fees and expenses of the municipal advisor, trustee fees, other miscellaneous costs and expenses, and rounding.

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## DEBT SERVICE

Set forth in the table below is the total debt service after the issuance of the 2017 Bonds for the Outstanding Senior Lien Bonds and Junior Lien Bonds secured by the System Pledged Revenues.

Fiscal Year	Outstanding Senior Lien	2017 Series A Bonds			Total Senior Lien	Outstanding Junior Lien	Total
	Annual Debt Service	Principal	Interest	Total	Annual Debt Service	Annual Debt Service	Annual Debt Service
2017	\$59,038,219	\$-	\$-	\$-	\$59,038,219	\$36,146,188	\$95,184,406
2018	52,751,125	525,000	4,736,206	5,261,206	58,012,331	36,146,188	94,158,519
2019	52,685,225	880,000	5,358,650	6,238,650	58,923,875	44,014,438	102,938,312
2020	52,635,025	895,000	5,332,025	6,227,025	58,862,050	40,617,688	99,479,737
2021	43,693,437	9,210,000	5,088,350	14,298,350	57,991,787	35,492,688	93,484,475
2022	38,825,112	14,995,000	4,633,175	19,628,175	58,453,287	35,492,688	93,945,975
2023	38,787,575	15,605,000	4,018,125	19,623,125	58,410,700	46,547,583	104,958,282
2024	38,743,412	8,035,000	3,427,125	11,462,125	50,205,537	65,249,478	115,455,015
2025	29,136,988	8,940,000	3,002,750	11,942,750	41,079,738	68,304,478	109,384,215
2026	29,104,288	18,415,000	2,318,875	20,733,875	49,838,163	60,324,353	110,162,515
2027	23,537,819	-	1,858,500	1,858,500	25,396,319	59,975,478	85,371,796
2028	3,674,750	20,360,000	1,349,500	21,709,500	25,384,250	62,731,353	88,115,603
2029	3,674,750	5,400,000	705,500	6,105,500	9,780,250	74,790,478	84,570,728
2030	3,674,750	5,665,000	428,875	6,093,875	9,768,625	73,215,478	82,984,103
2031	3,674,750	5,745,000	143,625	5,888,625	9,563,375	76,509,228	86,072,603
2032	3,674,750	-	-	-	3,674,750	74,671,728	78,346,478
2033	3,674,750	-	-	-	3,674,750	67,965,478	71,640,228
2034	3,674,750	-	-	-	3,674,750	139,413,780	143,088,530
2035	3,674,750	-	-	-	3,674,750	124,895,495	128,570,245
2036	3,674,750	-	-	-	3,674,750	124,483,923	128,158,673
2037	3,674,750	-	-	-	3,674,750	124,416,438	128,091,188
2038	3,674,750	-	-	-	3,674,750	120,211,425	123,886,175
2039	3,674,750	-	-	-	3,674,750	129,133,206	132,807,956
2040	3,674,750	-	-	-	3,674,750	129,645,000	133,319,750
2041	3,674,750	-	-	-	3,674,750	130,095,000	133,769,750
2042	3,674,750	-	-	-	3,674,750	129,980,000	133,654,750
2043	3,674,750	-	-	-	3,674,750	129,950,000	133,624,750
2044	3,674,750	-	-	-	3,674,750	83,958,125	87,632,875
2045	3,674,750	-	-	-	3,674,750	92,687,500	96,362,250
2046	3,674,750	-	-	-	3,674,750	90,853,000	94,527,750
2047	27,079,625	-	-	-	27,079,625	67,688,500	94,768,125
2048	50,727,250	-	-	-	50,727,250	43,864,875	94,592,125
<b>Total</b>	<b>\$606,565,350</b>	<b>\$114,670,000</b>	<b>\$42,401,281</b>	<b>\$157,071,281</b>	<b>\$763,636,631</b>	<b>\$2,619,471,249</b>	<b>\$3,383,107,880</b>

\*Totals may not add due to rounding.

Source: Ohio Turnpike and Infrastructure Commission



## DESCRIPTION OF THE 2017 BONDS

### General

The 2017 Bonds are being issued by the Commission pursuant to the Act, the Senior Lien Trust Agreement and will be dated the date of their issuance and delivery. The 2017 Bonds will be issued in the principal amounts, bearing interest at the rates, paying interest on the dates, and maturing (subject to the rights of prior redemption described below) on the dates, all as shown on the inside cover page of this Official Statement.

Interest on the 2017 Bonds will accrue from their date of delivery and will be payable semi-annually to maturity (or earlier redemption) on February 15 and August 15, commencing on February 15, 2018 (each an "Interest Payment Date").

### Redemption of 2017 Bonds

The 2017 Bonds are subject to optional redemption as set forth below.

#### *Optional Redemption*

Optional Redemption of 2017 Bonds. The 2017 Bonds are subject to redemption prior to maturity at the option of the Commission in whole or in part on any date on or after February 15, 2027, in such order as the Commission shall determine, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

#### *Selection of 2017 Bonds to be Redeemed*

In the event of partial redemption of 2017 Bonds of like maturity and interest rate, the applicable Trustee will assign to each 2017 Bond of such maturity and interest rate then outstanding a distinctive number for each \$5,000 of principal amount thereof, and will select by lot, using such method of selection as it deems proper in its discretion, from the numbers so assigned to such 2017 Bonds, as many numbers as, at \$5,000 for each number, equals the principal amount of such 2017 Bonds to be redeemed. The 2017 Bonds to be redeemed will be only so much of the principal amount of each such 2017 Bond of a denomination of more than \$5,000 principal amount as equals \$5,000 for each number assigned to it and so selected.

#### *Notice of Redemption*

The notice of the call for redemption shall (i) identify the 2017 Bonds or portions thereof to be redeemed (specifying the CUSIP numbers of the 2017 Bonds to be redeemed and stating that no representation is made as to the accuracy or correctness of the CUSIP numbers printed therein or on the or on the 2017 Bonds), (ii) specify the redemption price to be paid, (iii) specify the date fixed for redemption, (iv) specify the place or places where the amounts due upon redemption are payable, (v) set forth the name, address, and telephone number of the person from whom information pertaining to the redemption may be obtained, and (vi) except in the case of a conditional notice of optional redemption, state that on the redemption date there shall become due and payable upon each 2017 Bond to be redeemed the redemption price thereof, or the redemption price of the specified portion of the principal amount in the case of a 2017 Bond to be redeemed in part only, with interest accrued to such date, and that from and after such date, interest thereon shall cease to accrue and be payable. If at the time of giving of notice of an optional redemption of 2017 Bonds there has not been deposited with the applicable Trustee moneys or Defeasance Obligations sufficient to redeem all 2017 Bonds called for such redemption, then such notice shall state that the redemption is conditional upon the deposit of moneys or such Defeasance Obligations sufficient for the redemption with the Trustee not later than the opening of business on the redemption date, and such notice

will be of no effect and such 2017 Bonds shall not be redeemed unless such moneys or such Defeasance Obligations are so deposited. Such notice will be sent by first class mail not less than thirty (30) days nor more than sixty (60) days prior to the redemption date to Holders whose 2017 Bonds or portion thereof have been called for redemption at the addresses shown in the Bond Register on the Record Date. Failure to mail any such notice or any defect therein will not affect the validity of the proceedings for the redemption of any other 2017 Bonds.

### **Book Entry Only System**

The 2017 Bonds will be issued under a book-entry only system, registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), New York, New York, as registered owner, in the form of a single, fully registered 2017 Bond representing each maturity, or interest rate within a maturity, as the case may be. The beneficial owners of 2017 Bonds in book entry form have no right to receive 2017 Bonds in the form of physical securities or certificates; ownership of beneficial interests in book entry form will be shown by book entry on the system maintained and operated by DTC and its Participants, and transfers of the ownership of beneficial interests will be made only by book entry by DTC and its Participants, and the 2017 Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository or to another nominee of the Depository, without further action by the Commission. See “EXHIBIT E - DTC Book Entry Only System” attached hereto.

### **Disclaimer by Commission, Trustee, Municipal Advisor and Underwriters**

Neither the Commission nor the Trustee has any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interest ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The Commission, the Trustee, the Commission’s Municipal Advisor, and the Underwriters cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute to the Beneficial Owners (i) payments of principal or interest on the 2017 Bonds paid, or (ii) notices sent to DTC as the Holder or that they will do so on a timely basis, or that DTC or the Direct and Indirect Participants will serve and act in the manner described in this Official Statement. The Commission has been advised by DTC that the current “Rules” applicable to DTC and the Direct and Indirect Participants are on file with the Securities and Exchange Commission and that the current “Procedures” of DTC to be followed in dealing with the Direct and Indirect Participants are on file with DTC.

## **SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS**

### **Security for 2017 Bonds - General**

The 2017 Bonds will be payable solely from and secured by a pledge of and senior lien on System Pledged Revenues. Pursuant to the terms of the Senior Lien Trust Agreement, the Commission has pledged and granted a lien to the Senior Lien Trustee on the System Pledged Revenues to provide for the payment of principal of and interest and premium, if any, on bonds issued under the Senior Lien Trust Agreement (“Senior Lien Bonds”) which include the Commission’s 1998 Series A Bonds, 2009 Series A Bonds, 2010 Series A Bonds, 2013 Series A Senior Lien Bonds, and any other Senior Lien Bonds that may be issued and Outstanding (the “Outstanding Senior Lien Bonds”) under the Senior Lien Trust Agreement in the future, including the 2017 Bonds, when issued. The pledge of and lien on System Pledged Revenues is on a parity with all Senior Lien Bonds Outstanding under the Senior Lien Trust Agreement. The principal of, premium, if any, and interest on all Senior Lien Bonds will be paid from System Pledged Revenues prior to the payment of any Junior Lien Bonds.

System Pledged Revenues consist of Net Revenues and Additional System Payments. The Commission is not presently a party to any agreement or arrangement producing Additional System Payments. Net Revenues consist of Gross Revenues less required deposits to the Expense Fund. Gross Revenues consist of Tolls and certain investment income and insurance proceeds. Gross Revenues have also included moneys received from the Ohio Department of Transportation and designated as System Pledged Revenues by the Commission, but there are currently no such proceeds. Gross Revenues, since January 1, 2004, also include concession revenues derived from the operation of the service plazas (other than funds contractually committed to the Service Plaza Capital Improvements Reserve and other than any allocation of the State fuel tax revenues) and all revenues derived from leases, licenses, royalties, advertising and miscellaneous sales, fees and charges together with all investment earnings thereon. See “EXHIBIT A - GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT - Application of Monies in Gross Revenue Account” herein.

### **Limitation**

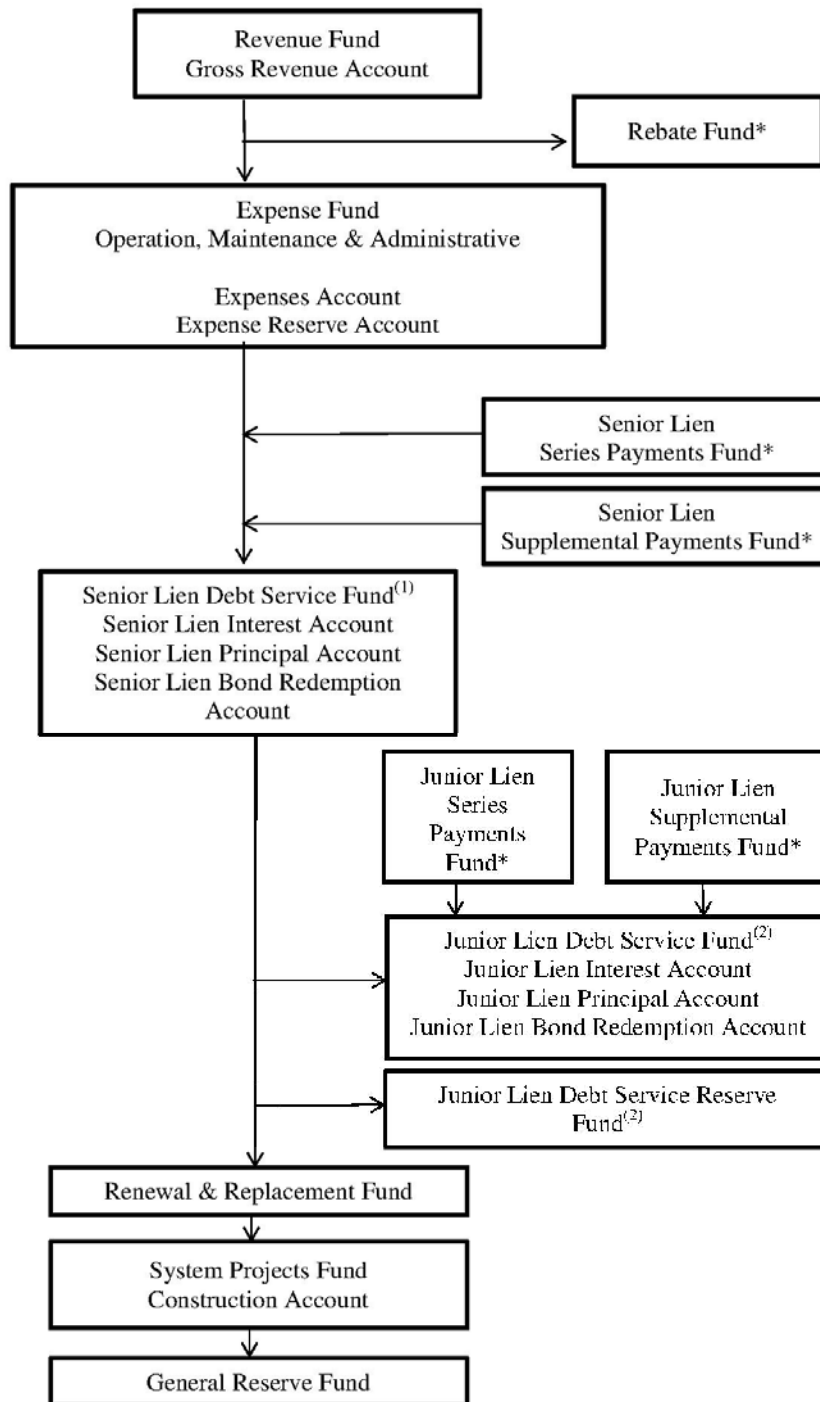
THE 2017 BONDS WILL NOT CONSTITUTE GENERAL OBLIGATIONS, DEBT OR BONDED INDEBTEDNESS OF THE COMMISSION OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, AND THE HOLDERS THEREOF WILL NOT BE GIVEN THE RIGHT, AND HAVE NO RIGHT, TO HAVE ANY EXCISES OR TAXES LEVIED BY THE COMMISSION OR THE STATE OR ANY POLITICAL SUBDIVISION THEREOF OR APPLIED FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM, IF ANY, ON THE 2017 BONDS.

### **Flow of Funds - Senior Lien Trust Agreement**

The Senior Lien Trust Agreement establishes the following funds and accounts: the Revenue Fund (and the Gross Revenue Account and the Additional System Payments Account therein), the Expense Fund (and the Operation, Maintenance and Administrative Expenses Account and the Expense Reserve Account therein), the Senior Lien Debt Service Fund (and the Senior Lien Interest Account, the Senior Lien Principal Account, the Senior Lien Bond Redemption Account and the Senior Lien Debt Service Reserve Account therein), the Series Payments Fund (and, to the extent necessary to segregate and separately account for Series Payments, one or more separate accounts therein), the Renewal and Replacement Fund, the System Projects Fund (and, to the extent necessary, one or more separate Construction Accounts therein), the General Reserve Fund, the Supplemental Payments Fund (and, to the extent necessary to segregate and separately account for Supplemental Payments, one or more separate accounts therein), and the Rebate Fund (and a separate Rebate Account therein for the 2017 Bonds).

The funds and accounts created by the Senior Lien Trust Agreement constitute trust funds for the purposes provided in the Senior Lien Trust Agreement and are for purposes of accounting, kept separate and distinct from all other funds of the Commission and are to be used only for the purposes and in the manner provided in the Senior Lien Trust Agreement.

The Senior Lien Debt Service Fund and the accounts therein are held by the Senior Lien Trustee. The Revenue Fund, the Series Payments Fund, the Expense Fund, the Renewal and Replacement Fund, the System Projects Fund, the General Reserve Fund and the Rebate Fund have been established and are maintained by the Commission in a bank or trust company which is eligible under the laws of the State to receive deposits of public funds. The Supplemental Payments Fund and the accounts therein have been established and are held in compliance with the document or agreement providing for such Supplemental Payments. For a description of the provisions of the Senior Lien Trust Agreement regarding the deposits and disbursements that are required or permitted to be made to or from the funds and accounts established under the Senior Lien Trust Agreement, see “EXHIBIT A – GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT – Funds and Accounts” herein.



*\*Currently there are no deposits to these funds.*

*(1) Held by Senior Lien Trustee*

*(2) Held by Junior Lien Trustee*

## **Debt Service Reserve Requirements**

### ***Bond Reserve***

The Senior Lien Trust Agreement requires that a balance be maintained in the Debt Service Reserve Account in the Senior Lien Debt Service Fund equal in amount to the Senior Lien Debt Service Reserve Requirement, that being the lower of (1) the Maximum Senior Lien Annual Debt Service Requirement, without credit for Series Payments otherwise permitted to be included by the definition of Senior Lien Annual Debt Service Requirement, or (2) the maximum amount permitted by the Code to be funded from Bond proceeds without requiring yield restriction. In lieu of the amounts required to be on deposit in the Senior Lien Debt Service Reserve Account, the Commission may at any time cause to be deposited into such Debt Service Reserve Account a Reserve Account Credit Facility for the benefit of the Holders in an amount, which together with other amounts on deposit therein, equals the Senior Lien Debt Service Reserve Requirement or, if the Commission has exercised its option to fund the Senior Lien Debt Service Reserve Account in installments, the amount then required to be on deposit in such Debt Service Reserve Account in accordance with such election, which Reserve Account Credit Facility shall be payable or available to be drawn upon in accordance with the Senior Lien Trust Agreement. Draws on the Reserve Account Credit Facilities, if necessary, will be made on a pro-rata basis.

Pursuant to the Fifteenth Supplemental Trust Agreement, dated January 1, 2009, the Commission is required to deposit cash or another Reserve Account Credit Facility into the Senior Lien Debt Service Reserve Account in order to insure over the existing Reserve Account Credit Facility in the event that a Reserve Account Credit Facility fails to maintain its rating in one of the two highest rating categories (without giving effect to modifiers or qualifiers) by at least two Rating Agencies. The Commission is also authorized to withdraw such cash or Reserve Account Credit Facility which has been deposited due to the rating downgrade in the event that a rating in one of the two highest rating categories is restored by each of the Rating Agencies. For a further description of the requirements of the Senior Lien Trust Agreement for the funding and application of the Senior Lien Debt Service Reserve Account, see "EXHIBIT A - GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT - Funds and Accounts - Debt Service Reserve Account" herein.

### ***Debt Service Reserve Account Credit Facilities***

The Commission maintains on deposit two separate Debt Service Reserve Credit Facilities in the Senior Lien Debt Service Reserve Account. One Reserve Account Credit Facility in the principal amount of \$6,283,000 was issued by Ambac. The other Reserve Account Credit Facility in the principal amount of \$49,283,000 was issued by Assured Guaranty. Both Reserve Account Credit Facilities are still in force; however, the Ambac Credit Facility does not currently qualify under the definition of Reserve Account Credit Facility Rating Requirement (as defined in the Senior Lien Trust Agreement).

### **Toll Rate Covenant**

The Commission covenants in the Senior Lien Trust Agreement that it will at all times charge and collect or cause to be charged and collected Tolls for the use of the Turnpike System at rates not less than those set forth in the schedule of such Tolls then in effect and as shall be required in order that: (a) Gross Revenues in each Fiscal Year shall equal at least one hundred percent (100%) of the aggregate of: (i) the Cost of Operation, Maintenance and Administration for such Fiscal Year as provided in the Annual Budget; and (ii) any amounts required to be deposited into the Expense Reserve Account in such Fiscal Year; and (b) System Pledged Revenues in each Fiscal Year shall equal at least one hundred percent (100%) of the aggregate in such Fiscal Year of (i) the Annual Debt Service Requirement, (ii) required deposits to the Debt Service Reserve Fund, (iii) deposits and payments required pursuant to the Junior Lien Master Trust

Agreement, (iv) deposits and payments required pursuant to any resolution, indenture or other authorizing instrument under which any obligations of the Commission secured by a pledge of the System Pledged Revenues junior and subordinate to the Junior Lien Bonds are issued, and (v) the Renewal and Replacement Requirement; and (c) System Pledged Revenues (plus Supplemental Payments, if any, in an amount not to exceed the aggregate Annual Debt Service Requirement for such Fiscal Year for all Series of Senior Lien Bonds to which such Supplemental Payments are pledged in each Fiscal Year) shall equal at least one hundred twenty percent (120%) of the Annual Debt Service Requirement in such Fiscal Year. For a further description of the Toll rate covenant in the Senior Lien Trust Agreement, see “EXHIBIT A GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT - Tolls” herein.

## **Additional Bonds Tests**

### ***Additional Senior Lien Bonds***

Subject to conditions and requirements set forth therein, the Senior Lien Trust Agreement permits the Commission from time to time to issue additional Series of Senior Lien Bonds that are payable from and secured by a pledge of System Pledged Revenues on a parity with the Outstanding Senior Lien Bonds for the purpose of: (a) financing System Projects, either alone or jointly with other persons, public bodies or private bodies; (b) financing Non-System Projects, either alone or jointly with other persons, public bodies or private bodies; (c) refunding Outstanding Senior Lien Bonds or Notes issued pursuant to the Senior Lien Trust Agreement; (d) completing any System Project for which Senior Lien Bonds have been previously issued; or (e) refunding Junior Lien Bonds or other subordinated indebtedness. Additional Series of Senior Lien Bonds may also be payable from and further secured by a pledge of Series Payments or Supplemental Payments, but neither the 2017 Bonds nor the Outstanding Senior Lien Bonds are secured by any Series Payments or Supplemental Payments. One condition for the issuance of an additional Series of Senior Lien Bonds is that the amount of the System Pledged Revenues and any Supplemental Payments during the Fiscal Year immediately preceding such issuance, or any twelve (12) consecutive calendar months selected by the Commission out of the fifteen (15) consecutive calendar months immediately preceding such issuance, subject to certain adjustments and verification, shall have been at least 150% of the maximum Annual Debt Service Requirement on the Senior Lien Bonds then outstanding and the Senior Lien Bonds then proposed to be issued. For a further discussion of the requirements for and conditions to the issuance of additional Senior Lien Bonds, see “EXHIBIT A - GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT - Issuance of Bonds” herein.

### ***Additional Junior Lien Bonds***

Subject to conditions and requirements set forth therein, the Junior Lien Trust Agreement permits the Commission from time to time to issue additional Series of Junior Lien Bonds that are payable from and secured by a junior pledge of System Pledged Revenues on a parity with the Outstanding Junior Lien Bonds for the purpose of: (a) financing System Projects, either alone or jointly with other persons, public bodies or private bodies; (b) financing Infrastructure Projects, either alone or jointly with other persons, public bodies or private bodies; (c) refunding Outstanding Junior Lien Bonds or Junior Lien Notes issued pursuant to the Junior Lien Trust Agreement; (d) completing any System Project for which Junior Lien Bonds have been previously issued; or (e) refunding Senior Lien Bonds or subordinated indebtedness. Additional Series of Junior Lien Bonds may also be payable from and further secured by a pledge of Junior Lien Series Payments or Junior Lien Supplemental Payments. One condition for the issuance of an additional series of Junior Lien bonds to finance Projects is that either:

- (i) the amount of the System Pledged Revenues and any Supplemental Payments during the immediately preceding Fiscal Year or any twelve (12) consecutive calendar months selected by the Commission out of the fifteen (15) consecutive calendar months immediately preceding the issuance of the proposed Junior Lien Bonds, adjusted as hereinafter described, shall

have been at least 150% of the Maximum Composite Annual Debt Service Requirement on the Junior Lien Bonds then Outstanding, the Senior Lien Bonds then Outstanding, the Junior Lien Bonds then proposed to be issued and any Senior Lien Bonds then proposed to be issued. The System Pledged Revenues calculated pursuant to this paragraph may be adjusted, at the option of the Commission, if the Commission, prior to the issuance of the proposed Junior Lien Bonds, shall have increased the Tolls for transit over the toll facilities of the Turnpike System. If the Commission elects to adjust System Pledged Revenues, the Net Revenues for the immediately preceding Fiscal Year or the twelve (12) consecutive calendar months shall be adjusted, based upon a certificate of an Independent Consultant, to reflect the Net Revenues that would have been derived from the Turnpike System during such period if such increased Tolls of the Turnpike System had been in effect during all of such period; or

(ii) an Independent Consultant certifies that, based upon reasonable assumptions, System Pledged Revenues (plus Supplemental Payments, if any, in an amount not to exceed the aggregate Annual Debt Service Requirement for each such Fiscal Year for all Series of Senior Lien Bonds and Junior Lien Bonds to which such Supplemental Payments are pledged) are projected to be at least 150% of the Composite Annual Debt Service Requirement for the current Fiscal Year and each successive Fiscal Year during which the Junior Lien Bonds then Outstanding, the Senior Lien Bonds then Outstanding, the Junior Lien Bonds then proposed to be issued and any Senior Lien Bonds then proposed to be issued will be Outstanding.

For purposes of making the required calculations for issuance of additional Junior Lien Bonds, Composite Annual Debt Service Requirement shall mean in each Fiscal Year the sum of the Junior Lien Annual Debt Service Requirement and the Senior Lien Annual Debt Service Requirement.

### **Issuance of Subordinate Bonds**

The Commission may issue other obligations secured by a pledge of the System Pledged Revenues in addition to the Junior Lien Bonds and the Senior Lien Bonds, provided such obligations contain an express statement that such obligations are junior, inferior and subordinate in all respects to the Junior Lien Bonds issued pursuant to the Junior Lien Trust Agreement as to lien on and source and security for payment from the System Pledged Revenues and Junior Lien Special Funds and in all other respects. There are no subordinate bonds currently outstanding.

## **THE TURNPIKE SYSTEM**

### **General**

The first completed section of the Ohio Turnpike, 22 miles from the Pennsylvania Turnpike at the Ohio-Pennsylvania border to an interchange at Mahoning County Road 18, nine miles west of the city of Youngstown, was opened for traffic on December 1, 1954. This Eastgate section had been rushed to completion to relieve congestion of traffic moving to and from the Pennsylvania Turnpike over state and other highways.

The remaining 219 miles of the Turnpike were opened on October 1, 1955. As traffic flowed through the 17 interchanges and terminals, all service and operating functions were activated – restaurants and service stations, disabled vehicle service, maintenance buildings, the Ohio State Highway Patrol (OSHP), and the Turnpike radio communications system.

For the most part, the Turnpike has experienced a relatively steady increase in traffic volume and revenues. In 1956, the first calendar year of full operation, 8,511,931 automobiles and 1,469,023 trucks used the Turnpike. In 2016, the total annual traffic consisted of 43,471,979 automobiles and 11,424,856 trucks.

Annual revenues from tolls, restaurant and service station concessionaire rentals and other sources rose from \$15,351,000 in 1956 to \$320,618,000 in 2016.

The Ohio Turnpike links the East and Midwest by virtue of its strategic position along the system that directly connects toll roads between Boston, New York City and Chicago, consisting of the Massachusetts Turnpike, New York Thruway, New Jersey Turnpike, Pennsylvania Turnpike, Ohio Turnpike, Indiana Toll Road and Chicago Skyway.

The beginning of the National System of Interstate and Defense Highways early in 1956 resulted in the Commission scrapping plans to build several other toll roads in Ohio (but some of this planning was used in launching Ohio's interstate system). Thus, the Ohio Turnpike, which carries the designation of Project No. 1, is the one and only Turnpike project completed, operated and maintained by the Commission.

Even though the Commission receives no federal funding, all of the 241.26 mile Turnpike has been incorporated by the Federal Highway Administration into the Interstate Highway System. The Turnpike is designated Interstate Route 80/90 between the Ohio-Indiana line and the Lorain County West Interchange (Milemarker 142), Interstate Route 80 between the Lorain County West Interchange (Milemarker 142) and the Niles-Youngstown Interchange (Milemarker 218), and Interstate Route 76 between the Niles-Youngstown Interchange (Milemarker 218) and the Ohio-Pennsylvania line.

The Turnpike is linked directly with Interstate Route 75, Interstate Route 280, Interstate Route 480, Interstate Route 71, Interstate Route 77 and Interstate Route 680. There are 31 interchanges on the Ohio Turnpike, 26 of which are accesses to and from U.S., Ohio and Interstate routes and two of which are terminals connecting, respectively, with the Pennsylvania Turnpike in the east and the Indiana Toll Road in the west. The remaining three interchanges connect with county or local roads.

Although commonly known and referred to as the Ohio Turnpike, the toll road's official name is The James W. Shocknessy Ohio Turnpike in honor of the man who was a member and Chairman of the Commission from its inception in 1949 until his death in 1976.

### **Physical Characteristics**

The 241.26 mile Ohio Turnpike mainline consists of 160 miles with three eastbound and westbound travel lanes flanked by paved shoulders 14 feet, 3 inches wide on the inside and 10 feet wide on the outside of the mainline roadway and 82 miles with two eastbound and westbound travel lanes flanked by paved shoulders 8 feet wide on the inside and 10 feet wide on the outside. The two-lane sections of the Turnpike include approximately 59 miles on the western end of the Turnpike (between mileposts 0 and 59) and 23 miles on the eastern end (between mileposts 218 and 241). The original two-lane sections are reinforced portland cement concrete, all of which has been resurfaced with asphaltic concrete. The shoulders are hard surfaced with three inches of bituminous (penetration) macadam, plus the thickness of the resurfacing asphalt. In the two-lane sections, the mainline roadways are separated by a center strip with a standard width between roadway lanes of 56 feet, consisting of 40 feet of grass median and the inside shoulders. The construction of the third lane sections eliminated the 56 foot center strip, replacing it with two 12 foot traffic lanes, two 14 foot, 3 inch wide inside shoulders and a 50 inch high concrete barrier. The third lane section between Interchange 59 and Interchange 218 consists primarily of full depth asphalt. Ascending grades are kept to a maximum of 2.00 percent and descending grades to a maximum of 3.14 percent. Horizontal and vertical curves are of sufficient radius to provide the best sight distance, as well as ease of travel.

All of the roads and railroads intersected by the Turnpike cross under or over the Turnpike's roadways by means of bridges. There are no crossings at grade. To preserve the minimum separation between roadways, twin bridges carry the roadways whenever the Turnpike crosses over other highways, railroads or rivers.



## **Employees and Employee Relations**

### ***General***

As of December 31, 2016, the Commission had 971 employees compared with 1,165 employees on December 31, 2009. The Commission's employees are categorized into four groups based on labor organization representation.

The first group is those employees not represented by a labor organization. This group is comprised primarily of individuals employed by the Commission to perform supervisory, management, administrative, financial, engineering and legal functions. This group had 306 employees on December 31, 2016, with the numbers split between field supervisory personnel and personnel working at the Commission's headquarters in Berea, Ohio.

The second group includes the Commission's full-time, non-supervisory field employees in the Toll Collection, Maintenance, and Engineering Departments, except section clerks, chief mechanics and sign shop clerks. The Teamsters Local Union No. 436 is the exclusive representative of this group, which numbered 461 employees as of December 31, 2016. The current collective bargaining agreement with the full-time unit expires on December 31, 2019.

The third group includes the Commission's part-time toll collectors who are represented as a separate bargaining unit by the Teamsters Local Union No. 436. This group had 195 part-time toll collectors as of December 31, 2016. The current collective bargaining agreement with the part-time unit expires on December 31, 2019.

The Commission's full-time radio operators form the fourth group and are represented as a separate bargaining unit by the Teamsters Local Union No. 436. This group had 9 full-time radio operators as of December 31, 2016. The current collective bargaining agreement with this unit expires on December 31, 2019.

Employee benefits provided by the Commission to all full-time employees include medical, dental and vision insurance and contributions to the Ohio Public Employees Retirement System.

### ***Reduction in Toll Operations Workforce***

Electronic tolling has enhanced the overall efficiency of the Commission's toll operations. The long-term efficiencies created as a result of *E-ZPass*® and the installation of the Automated Toll Payment Machines ("ATPMs") at several of the toll plazas are expected to continue to reduce the number of full-time and part-time toll collectors required on a long-term basis. Pursuant to the provisions of the Collective Bargaining Agreement with the union representing these bargaining unit personnel, the Commission engaged in negotiations with the representatives of the Teamsters Local Union 436 in the summer of 2009. The negotiations culminated in the Commission offering a Voluntary Separation Incentive Plan ("VSIP") to full-time and part-time toll collectors beginning in November 2009. During 2010, forty-seven full-time toll employees and seventy-nine part-time toll employees accepted VSIP payments at a total cost to the Commission of \$2.5 million. While the VSIP was only offered through 2010, it is estimated that the Commission is saving \$4.68 million annually in wage and fringe benefits as a result of the VSIP.

In 2011, the Commission eliminated an additional 21 full and part-time toll collector positions from locations that were completely automated through the use of ATPMs. As of December 31, 2016, through the combined efforts of hiring freeze, the VSIP and the layoff process, the Commission has, since 2008, permanently reduced full-time toll collector positions from 306 to 207, and part-time toll collector positions

from 308 to 195. During this same time period, the Commission has reduced its overall staffing levels by 21%, from 1,231 to 971 on December 31, 2016.

The Commission continues to reduce the number of full and part-time toll collectors primarily through attrition as the number of cash transactions decrease because of increased *E-ZPass*® use and the installation of additional ATPMs.

### ***Retirement Expenses and Post Employment Hospital Care Benefits***

Present and retired employees of the Commission are covered under the Ohio Public Employees Retirement System (“OPERS”), a statewide public employee retirement system.

In 2016, employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary or compensation. As the employer, the Commission’s statutory contribution rate for those employees was 14.0% of the same base. These employee and employer contribution rates are the maximums permitted under current State law.

OPERS is one of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. On September 12, 2012, the General Assembly passed five separate pension reform bills intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The bill passed with respect to OPERS provided for no change in the Commission contribution rates with respect to its employees’ earnable salaries or in the OPERS employee contribution rate. With certain transition provisions applicable to certain current employees, the bills increased minimum age and service requirements for retirement and disability benefits, revised the calculation of an employee’s final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provided for OPERS pension benefits to be calculated on a lower, fixed formula, changed provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent, and made other changes.

At December 31, 2016, the Commission reports a liability of \$67,956,000 for its proportionate share of the net pension liability for the Traditional Plan and an asset for its proportionate share of the net pension asset of \$178,000 for the Combined Plan. The net pension asset/liability was measured as of December 31, 2015. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of December 31, 2015. The Commission’s proportion of the net pension asset/liability is determined by a measure of the Commission’s proportionate relationship of employer contributions made to OPERS to the total contributions made to OPERS by all employers and non-employer contributing entities to the plan. The Commission’s proportion of the net asset/liability is based on the Commission’s long-term share of contributions to the plan as compared to the total projected long-term contributions of employers and all non-employer contributing entities. At December 31, 2015, the Commission’s proportion was 0.392329 percent for the Traditional Plan and 0.365870 percent for the Combined Plan.

The Commission provides postemployment health care benefits through its contributions to the OPERS. The OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members.

In order to qualify for postretirement health care coverage, retirees must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit

recipients is available. The health care coverage provided by the OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, the OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Federal law requires Commission employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, Commission employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS is not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

For further information on OPERS, see the notes to the Basic Financial Statements included in Exhibit C. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, making a written request to the OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

### **Services to Customers**

The Commission offers a number of services for the convenience and safety of Turnpike customers. The Commission has contracted with several private companies through competitive bidding to operate restaurants and service stations at the Commission's 14 service plazas, to provide disabled vehicle service to stranded motorists and to furnish ambulance and fire-fighting assistance in the event of an accident or other emergency situation.

#### **Disabled Vehicle Service**

Roadway vehicle-repair trucks on the Turnpike are equipped to assist temporarily stranded drivers in getting vehicles started again. On-the-spot service includes changing tires, supplying emergency gasoline, replacing broken fan belts and other minor repairs. Towing service is available for the removal of vehicles requiring garage work off the Turnpike.

#### **Service Plazas**

The Commission currently operates 14 service plazas on the Turnpike to meet the needs of the traveling public. The Commission has contracted with several private companies to operate restaurants and service stations at each of the seven pairs of service plazas, which are approximately 30 miles apart. The farthest distance between pairs of service plazas is 56.1 miles. Restaurants and service stations are located at all service plazas, which are open 24 hours each day throughout the year. The service stations at the service plazas have gasoline, diesel fuel and assorted automotive accessories for sale. The restaurants at the service stations offer travelers a variety of food and beverage choices. Prices for food, fuel and other items sold at the service plazas are competitive with those charged at similar, off-Turnpike establishments in the same general vicinities. Additionally, Turnpike maps, motel-hotel lists, traffic updates and other touring aids are available at the service plazas for travelers.

#### **Turnpike Maintenance**

Providing Turnpike customers with a well-maintained highway is a task performed by the Commission's Maintenance Department. Personnel are assigned to the eight maintenance buildings, spaced at approximately 30-mile intervals along the Turnpike. Maintenance workers are responsible for keeping the Turnpike facilities operational and the roadway and pavement in a comfortable-riding, clean and safe

condition by performing routine roadway maintenance, patching, joint repair, guardrail repair, lighting maintenance, fabricating and installing roadway signage, mowing, landscaping, applying herbicides and snow and ice removal. Mechanics are employed to maintain the Commission's service vehicles and equipment for such tasks. Weather monitoring stations along the road utilize embedded sensors in certain mainline bridges to provide advance notice of the need to initiate snow and ice operations. The Maintenance Department is also responsible for administering compliance with environmental and other state regulations relative to water systems, wastewater treatment plants, sanitary sewer pumping stations and underground storage tanks.

### **Ohio State Highway Patrol (OSHP)**

A special Turnpike unit of the OSHP polices the Turnpike. OSHP operates patrol cars and airplanes to enforce the Commission's traffic regulations, as well as to perform service to ill, stranded or otherwise distressed travelers. Under a contract between the Commission and the OSHP, the Commission uses toll revenue to reimburse the patrol for all costs of operating on the Turnpike.

As part of its continued commitment to safety, the Commission has funded the implementation of Multi-Agency Radio Communications System ("MARCS") for OSHP on the Turnpike. This system enables OSHP troopers and law enforcement personnel serving communities adjacent to the Turnpike to effectively communicate with each other, thus providing an additional level of safety and support for both Turnpike motorists and for communities near the Turnpike corridor.

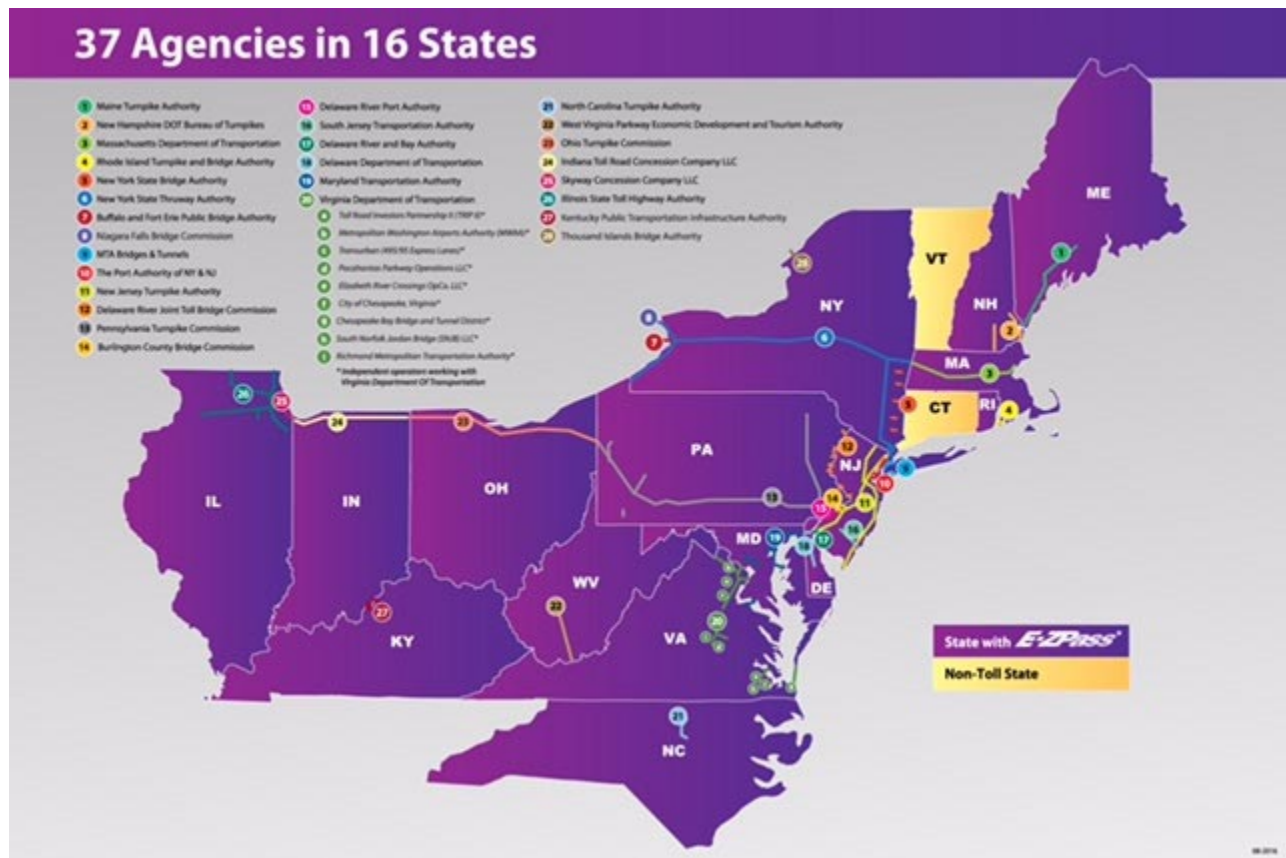
### **Radio Communications Systems**

In the interest of improved efficiency and effectiveness, the Commission has also migrated to the Ohio MARCS 800 MHz two-way radio communication system for Turnpike operations. MARCS is of particular value to Turnpike customers as it provides greater interoperability between Turnpike personnel and emergency services providers such as OSHP, EMS, EMS life flight, fire departments and contracted disabled vehicle services when responding to vehicle accidents or incidents along the Turnpike corridor.

## **TOLLS AND TOLL COLLECTION**

On October 1, 2009, the Commission implemented a new toll collection system, including electronic tolling collection technology (*E-ZPass*®). At that same time, the toll rate schedule and vehicle classification system were also revised. Vehicles travelling the Ohio Turnpike are now classified based on seven vehicle classifications, which was a reduction from the eleven classifications used previously. Vehicles are now classified based on the number of axles and height of the vehicle over the first two axles. The vehicle classification along with distance traveled still determines the appropriate toll fare; however, toll rates were adjusted to coincide with the compression of the vehicle classifications, along with the addition of *E-ZPass*®. Toll rates for customers using an *E-ZPass*® compatible transponder pay a lower toll fare for travel on the Ohio Turnpike than non-*E-ZPass*® customers.

The Ohio Turnpike is part of the network of 37 other northeastern U.S. toll authorities that use *E-ZPass*®. Use of *E-ZPass*® provides the Commission with a more efficient means of collecting tolls. It also provides improved service by affording customers the convenience of not having to stop to pay their tolls. Implementation of *E-ZPass*® also provides for increased vehicle throughput in existing toll lanes, thereby avoiding the need for future expansion of toll plaza facilities.



The Commission’s toll collection system also includes ATPMs at the fourteen least-traveled interchanges. These self-serve machines allow customers to pay their tolls with cash or credit cards without the assistance of a collector. The devices include 4-way insertion of toll tickets, coin baskets and remote functionality. With video surveillance cameras installed at each plaza and audio communications installed in the toll lanes, use of these improved ATPMs enables operation of these low-volume plazas in an unstaffed mode either 24 hours a day or during certain off-peak hours.

The Commission has hired Jacobs Engineering Group Inc. to evaluate the current toll collection system. The Commission has not yet adopted any plans to revise the toll collection system; however, the Commission is currently contemplating modifying the toll collection system to include removal of gates in *E-ZPass*® entry and exit lanes, highway speed open road tolling for *E-ZPass*® at mainline toll plazas and elimination of cash collection at certain low volume exits by adding mainline toll barriers.

### Recent Toll Rate History

The Ohio Turnpike’s toll rates for commercial vehicles, which historically have been among the lowest in the country, continue to remain among the lowest even after the adjustments and implementation of the *E-ZPass*® program.








In 2013, the Commission implemented a series of forward-looking toll increases that began on January 1, 2014 and will continue annually to take effect incrementally over 10 years. Specifically, the Commission, at its July 15, 2013 meeting, implemented a toll increase plan that increased rates by an average of 2.7% each year (the historical rate of inflation) for 10 years beginning January 1, 2014 and continuing through 2023. One exception to the schedule of toll increases is that no toll increases will occur for passenger vehicles using *E-ZPass*® and making local trips of less than 30 miles over the same 10 year

period. After 2023, the Commission’s projections currently assume that the toll rate for these particular trips will experience a one-time increase by compounding the historical rate of inflation between 2013 and 2023. See “INVESTMENT CONSIDERATIONS” and “LITIGATION” herein.

The following tables set forth: (i) the axle-based vehicle classifications and recent historical toll rates; and (ii) historical statistical traffic information from 2012 to 2016.

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**OHIO TURNPIKE COMMISSION**  
**COST OF A ONE-WAY FULL LENGTH TRIP ACROSS THE OHIO TURNPIKE**  
**HISTORICAL AXLE BASED TOLLS THROUGH JANUARY 1, 2017**

Class	Description	Example	January 1, 2012 <sup>1</sup>		January 1, 2014		January 1, 2015		January 1, 2016		January 1, 2017	
			E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS
1	Low 2-axle vehicles and all motorcycles (including motorcycles pulling trailers).		\$ 11.25	\$ 16.50	\$ 11.50	\$ 17.00	\$ 11.75	\$ 17.50	\$ 12.25	\$ 17.75	\$ 12.50	\$ 18.25
2	Low 3-axle vehicles and high 2-axle vehicles.		\$ 20.00	\$ 28.00	\$ 20.50	\$ 28.75	\$ 21.00	\$ 29.50	\$ 21.75	\$ 30.25	\$ 22.25	\$ 31.25
3	Low 4-axle vehicles and high 3-axle vehicles.		\$ 24.00	\$ 33.00	\$ 24.75	\$ 34.00	\$ 25.25	\$ 34.75	\$ 26.00	\$ 35.75	\$ 26.75	\$ 36.75
4	Low 5-axle vehicles and high 4-axle vehicles.		\$ 30.00	\$ 39.00	\$ 30.75	\$ 40.00	\$ 31.75	\$ 41.25	\$ 32.50	\$ 42.25	\$ 33.25	\$ 43.50
5	Low 6-axle vehicles and high 5-axle vehicles.		\$ 35.00	\$ 44.00	\$ 36.00	\$ 45.25	\$ 37.00	\$ 46.50	\$ 38.00	\$ 47.75	\$ 39.00	\$ 49.00
6	High 6-axle vehicles.		\$ 50.00	\$ 61.00	\$ 51.25	\$ 62.75	\$ 52.75	\$ 64.25	\$ 54.25	\$ 66.00	\$ 55.50	\$ 67.75
7	All vehicles with 7 or more axles.		\$ 72.00	\$ 83.00	\$ 74.00	\$ 85.25	\$ 76.00	\$ 87.50	\$ 78.00	\$ 90.00	\$ 80.00	\$ 92.25

<sup>1</sup> Rates for 2012 and 2013 are identical.

**Statistical Traffic Information**

The following tables set forth historic information with respect to System Traffic and Revenues for the period 2012 to 2016:

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Number of Vehicles (In Thousands):</b>					
Passenger Cars	39,418	39,742	40,345	42,110	43,472
Commercial Vehicles	10,386	10,570	10,923	11,284	11,425
<b>Total</b>	<b>49,804</b>	<b>50,312</b>	<b>51,268</b>	<b>53,394</b>	<b>54,897</b>
<b>Percentage of Vehicles:</b>					
Passenger Cars	79.1%	79.0%	78.7%	78.9%	79.2%
Commercial Vehicles	20.9%	21.0%	21.3%	21.1%	20.8%
<b>Number of Miles (In Thousands):</b>					
Passenger Cars	1,859,124	1,891,723	1,906,619	1,998,170	2,029,904
Commercial Vehicles	918,792	935,973	968,540	1,003,117	1,007,742
<b>Total</b>	<b>2,777,916</b>	<b>2,827,696</b>	<b>2,875,159</b>	<b>3,001,287</b>	<b>3,037,646</b>
<b>Percentage of Miles:</b>					
Passenger Cars	66.9%	66.9%	66.3%	66.6%	66.8%
Commercial Vehicles	33.1%	33.1%	33.7%	33.4%	33.2%
<b>Toll Revenue (In Thousands):</b>					
Passenger Cars	\$ 112,428	\$ 112,820	\$ 114,871	\$ 122,183	\$ 126,063
Commercial Vehicles	140,116	141,818	149,750	158,004	162,376
<b>Total</b>	<b>\$ 252,544</b>	<b>\$ 254,638</b>	<b>\$ 264,621</b>	<b>\$ 280,187</b>	<b>\$ 288,439</b>
<b>Percentage of Toll Revenue:</b>					
Passenger Cars	44.5%	44.3%	43.4%	43.6%	43.7%
Commercial Vehicles	55.5%	55.7%	56.6%	56.4%	56.3%
<b>Average Miles per Trip:</b>					
Passenger Cars	47.2	47.6	47.3	47.5	46.7
Commercial Vehicles	88.5	88.5	88.7	88.9	88.2
<b>Average Toll Revenue per Trip:</b>					
Passenger Cars	\$2.85	\$2.84	2.85	\$2.90	\$2.90
Commercial Vehicles	13.49	13.42	13.71	14.00	14.21
<b>Average Toll Revenue per Mile:</b>					
Passenger Cars	\$0.06	\$0.06	\$0.06	\$0.06	\$0.06
Commercial Vehicles	0.15	0.15	0.15	0.16	0.16



*Vehicles by Class* (In Thousands)

<b>Class</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	
<b>Vehicle Classification by Axles and Height:</b>						
1	Low 2-axle vehicles and all motorcycles	39,418	39,742	40,345	42,110	43,472
2	Low 3-axle vehicles and high 2-axle vehicles	1,178	1,198	1,251	1,328	1,379
3	Low 4-axle vehicles and high 3-axle vehicles	620	633	663	713	734
4	Low 5-axle vehicles and high 4-axle vehicles	404	422	451	473	499
5	Low 6-axle vehicles and high 5-axle vehicles	7,766	7,885	8,120	8,335	8,358
6	High 6-axle vehicles	237	245	258	257	273
7	All vehicles with 7 or more axles	181	187	180	178	182
Subtotal		49,804	50,312	51,268	53,394	54,897
Add Non-Revenue <sup>(1)</sup>		351	404	367	386	443
<b>Total Vehicles</b>		<b>50,155</b>	<b>50,716</b>	<b>51,635</b>	<b>53,780</b>	<b>55,340</b>

<b>Percentage of Vehicles Using E-ZPass®:</b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Passenger cars (Class 1)	38.4%	42.2%	45.5%	47.6%	50.2%
Commercial vehicles (Class 2-7)	75.9%	78.4%	80.0%	82.1%	83.6%
<b>Total</b>	46.2%	49.8%	52.9%	54.9%	57.1%

Source: Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.

Notes: <sup>(1)</sup>Non-revenue vehicles represent traffic of officials, employees, agencies and representatives of the Commission while in the discharge of their official duties, police officers of the United States, of the State of Ohio and of its political subdivisions, and vehicles of contractors used in the maintenance of the Turnpike and its buildings.

**Toll Revenue by Class (In Thousands)**

<b>Class</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	
<b>Vehicle Classification by Axles and Height:</b>						
1	Low 2-axle vehicles and all motorcycles	\$ 112,428	\$ 112,820	\$ 114,871	\$ 122,183	\$ 126,063
2	Low 3-axle vehicles and high 2-axle vehicles	6,739	6,723	7,065	7,682	8,029
3	Low 4-axle vehicles and high 3-axle vehicles	5,027	5,128	5,432	6,025	6,312
4	Low 5-axle vehicles and high 4-axle vehicles	3,790	3,895	4,213	4,561	4,865
5	Low 6-axle vehicles and high 5-axle vehicles	112,749	114,194	121,024	127,382	129,926
6	High 6-axle vehicles	4,477	4,479	4,661	4,795	5,333
7	All vehicles with 7 or more axles	7,334	7,399	7,355	7,559	7,911
<b>Total Toll Revenue</b>		<b>\$ 252,544</b>	<b>\$ 254,638</b>	<b>\$ 264,621</b>	<b>\$ 280,187</b>	<b>\$ 288,439</b>
<b>Percentage of Toll Revenue from E-ZPass®:</b>						
	Passenger cars (Class 1)	30.6%	34.0%	36.9%	38.7%	40.8%
	Commercial Vehicles (Class 2-7)	72.7%	75.4%	77.3%	79.8%	81.7%
<b>Total</b>		53.9%	57.1%	59.8%	61.9%	63.8%

Source: Ohio Turnpike and Infrastructure Commission, CFO/Comptroller's Office.

### **Toll Rates for the Years 2018 Through 2023**

The table below sets forth the axle-based vehicle classifications and approved toll rates for the years 2018 through 2023.








The Commission may increase rates further if such increase is required by the toll covenants in the Senior Lien Trust Agreement or the Junior Lien Trust Agreement. See “SECURITY AND SOURCE OF PAYMENT FOR THE 2017 BONDS – Toll Rate Covenant” herein.

The Commission’s projections currently assume that after 2023 tolls will increase for all vehicles, regardless of class or payment method, by 2.7 percent each year for 5 years beginning on January 1, 2024 and then 2 percent annually thereafter.

The toll increases have been determined by the Commission taking into account the amount necessary to meet existing and projected debt service and operational and maintenance obligations of the Commission. For a complete description of toll increases adopted by the Commission, see “EXHIBIT D - TRAFFIC AND TOLL REVENUE FORECAST” and “TOLLS AND TOLL COLLECTION” and “LITIGATION” herein.

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**OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION**  
**APPROVED TOLL RATE SCHEDULE FOR YEARS 2018 THROUGH 2023**  
**COST OF A ONE-WAY FULL LENGTH TRIP ACROSS THE OHIO TURNPIKE**

Class	Description	Example	January 1, 2018		January 1, 2019		January 1, 2020		January 1, 2021		January 1, 2022		January 1, 2023	
			E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS	E-ZPASS	NON E-ZPASS
1	Low 2-axle vehicles and all motorcycles (including motorcycles pulling trailers).		\$ 12.75	\$ 18.75	\$ 13.25	\$ 19.25	\$ 13.50	\$ 20.00	\$ 14.00	\$ 20.50	\$ 14.25	\$ 21.00	\$ 14.75	\$ 21.50
2	Low 3-axle vehicles and high 2-axle vehicles.		\$ 22.75	\$ 32.00	\$ 23.50	\$ 32.75	\$ 24.00	\$ 33.75	\$ 24.75	\$ 34.75	\$ 25.50	\$ 35.50	\$ 26.00	\$ 36.50
3	Low 4-axle vehicles and high 3-axle vehicles.		\$ 27.50	\$ 37.75	\$ 28.25	\$ 38.75	\$ 29.00	\$ 39.75	\$ 29.75	\$ 40.75	\$ 30.50	\$ 42.00	\$ 31.25	\$ 43.00
4	Low 5-axle vehicles and high 4-axle vehicles.		\$ 34.25	\$ 44.50	\$ 35.25	\$ 45.75	\$ 36.25	\$ 47.00	\$ 37.25	\$ 48.25	\$ 38.25	\$ 49.50	\$ 39.25	\$ 51.00
5	Low 6-axle vehicles and high 5-axle vehicles.		\$ 40.00	\$ 50.25	\$ 41.00	\$ 51.75	\$ 42.25	\$ 53.00	\$ 43.25	\$ 54.50	\$ 44.50	\$ 56.00	\$ 45.75	\$ 57.50
6	High 6-axle vehicles.		\$ 57.00	\$ 69.75	\$ 58.75	\$ 71.50	\$ 60.25	\$ 73.50	\$ 62.00	\$ 75.50	\$ 63.50	\$ 77.50	\$ 65.25	\$ 79.50
7	All vehicles with 7 or more axles.		\$ 82.25	\$ 94.75	\$ 84.50	\$ 97.50	\$ 86.75	\$ 100.00	\$ 89.00	\$ 102.75	\$ 91.50	\$ 105.50	\$ 94.00	\$ 108.25

## OTHER REVENUE SOURCES

The Ohio Turnpike is a fee-for-service facility, with 90.0% of its revenue derived from tolls. However, the Commission has worked diligently to produce revenue from other sources in order to keep tolls as low as possible. In 2016, such additional sources included the following categories, and provided the following additional revenue for the Commission: food and fuel concessions (\$16,325,000), investments (\$4,617,000), fuel taxes (\$2,834,000), and other sources such as advertising, and special permits (\$8,403,000).

## CERTAIN FINANCIAL INFORMATION

Management of the Commission is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Commission are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

### Risk Management

The Commission is self-insured for worker's compensation meaning the Commission pays premiums to the Ohio Bureau of Worker's Compensation (BWC) insurance program based on the total compensation benefits paid by the Commission as compared to the Commission's total payroll. Reimbursement for medical bills, and employee lost time compensation are paid directly by the Commission in accordance with the BWC Billing and Reimbursement Manual.

The Commission is generally self-insured up to \$100,000 per occurrence or claim in accordance with its comprehensive insurance program, which includes: Commercial General Liability (including terrorism coverage); Automobile Liability; Public Officials Liability; Employment Practices Liability; Employers Liability; Employee Benefits Liability; Broad Form Money and Securities/Crime Insurance; Umbrella and Excess Liability Insurance coverage; Bridge and Use Occupancy; Property, Computer Equipment, Maintenance Equipment and Boiler & Machinery (\$5,000 deductible per occurrence); Cyber Security and Pollution Liability coverage. In addition, the Commission purchases commercial stop-loss insurance for employee health care claims in excess of \$250,000 per covered person per contract year. Paid claims have not exceeded the limits of the Commission's commercial policies for each of the last three fiscal years. The Commission also pays unemployment claims to the State of Ohio as incurred.

Matters are reported to the insurer(s) when it is probable that a liability may exist or loss has occurred, and the estimated amount or nature of that liability/loss is such that one or more insurance coverages may respond. Claim liabilities are based upon the estimated ultimate cost of resolving the claims, including specific incremental claim adjustment expenses.

### Accounting System

In order to facilitate compliance with its Master Trust Agreements, the Commission's accounting system is organized and operated on a "fund basis." The operations of each fund are accounted for using a separate set of self-balancing accounts. The accounts of all funds are combined into a single proprietary (enterprise) fund for external reporting purposes. The accounting policies of the Commission are more fully described in Notes to the Financial Statements of the Commission set forth as Exhibit C hereto.

## **Debt Administration: Outstanding Bonds**

Pursuant to the Senior Lien Trust Agreement, the Fifth Supplemental Trust Agreement and a resolution adopted by the Commission on June 22, 1998, the Commission issued its \$298,575,000 Turnpike Revenue Refunding Bonds, 1998 Series A, dated September 1, 1998. The Outstanding aggregate principal amount of 1998 Series A Bonds was \$243,775,000 as of December 31, 2016.

Pursuant to the Senior Lien Trust Agreement, the Sixteenth Supplemental Trust Agreement and a resolution adopted by the Commission on April 27, 2009, the Commission issued its \$137,205,000 Turnpike Revenue Refunding Bonds, 2009 Series A, dated May 19, 2009. The Outstanding aggregate principal amount of 2009 Series A Bonds was \$76,185,000 as of December 31, 2016.

Pursuant to the Senior Lien Trust Agreement, the Seventeenth Supplemental Trust Agreement and a resolution adopted by the Commission on October 25, 2010, the Commission issued its \$131,290,000 Turnpike Revenue Refunding Bonds, 2010 Series A Bonds, dated November 1, 2010. The Outstanding aggregate principal amount of 2010 Series A Bonds was \$131,290,000 as of December 31, 2016.

Pursuant to the Senior Lien Trust Agreement, the Nineteenth Supplemental Trust Agreement and a resolution adopted by the Commission on July 15, 2013, the Commission issued its \$73,495,000 Turnpike Revenue Bonds, 2013 Series A Bonds, dated August 1, 2013. The Outstanding aggregate principal amount of 2013 Series A Bonds was \$73,495,000 as of December 31, 2016.

The Outstanding Senior Lien Bonds are payable from and secured by a pledge of and a senior lien on System Pledged Revenues on a parity with the 2017 Bonds and with any other bonds that may be issued and Outstanding under the Senior Lien Trust Agreement in the future.

Pursuant to the Junior Lien Trust Agreement, the First Supplemental Trust Agreement and a resolution adopted by the Commission on July 15, 2013, the Commission issued its \$994,812,816 Turnpike Junior Lien Revenue Bonds, 2013 Series A Bonds, dated August 1, 2013. The outstanding aggregate accreted principal amount of 2013 Series A Junior Lien Bonds was \$1,057,492,000 as of December 31, 2016.

The Junior Lien Bonds are subordinate to the Senior Lien Bonds issued by the Commission under the Senior Lien Trust Agreement. The Junior Lien Bonds are equally and ratably secured, along with any additional Junior Lien Bonds that may be issued under the Junior Lien Trust Agreement, by a junior pledge of and junior lien on System Pledged Revenues (as defined in the Junior Lien Trust Agreement). System Pledged Revenues must be applied to payment obligations relating to the Senior Lien Bonds before being used to pay any obligations relating to the Junior Lien Bonds.

## **Debt Service Coverage Policy for Senior Lien Bonds**

By a Resolution adopted on July 15, 2013, the Commission established a policy that it will use its best efforts to cause System Pledged Revenues to equal at least 200% of Senior Lien Debt Service Requirements, and to take action necessary to re-establish or maintain such percentage, including review of revenues and reduction of expenditures. This policy is in addition to the requirement contained in the Senior Lien Trust Agreement that System Pledged Revenues, plus Supplemental Payments, if any, equal at least 120% of the Annual Debt Service Requirement for the Senior Lien Bonds. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS – Toll Rate Covenant” herein. However, this is a best efforts policy as described above, is not a legal obligation of the Commission, is subject to change at any time, and should not be relied upon by the Holders or Beneficial Owners of the 2017 Bonds. The actual results for the five most recent years are shown in the table titled “Revenue Bond Coverage” herein.

## **Days Cash on Hand Policy**

By a Resolution adopted on July 15, 2013, the Commission also adopted a policy that it will use its best efforts to maintain a minimum of 365 days cash on hand among the following reserves: (1) the General Reserve Fund, (2) the Non-Trust Reserve Fund, (3) the Service Plaza Capital Reserve Fund, (4) the Fuel Tax Fund, (5) the System Project Fund and (6) the Renewal and Replacement Reserve. However, this is a best efforts policy, is not a legal obligation of the Commission, is subject to change at any time, and should not be relied upon by the Holders or Beneficial Owners of the 2017 Bonds.

## **RESULTS OF OPERATIONS**

Set forth below are certain revenue and expense items and certain other financial information derived from the Commission's audited financial statements for each of the Commission fiscal years 2012 through 2016. The revenues and operating expenses below were derived by adjusting information contained in the Commission's audited financial statements, which are prepared in conformity with generally accepted accounting principles. This information is qualified by, and should be read in conjunction with, the audited financial statements for the Commission's fiscal year ended December 31, 2016 included as Exhibit C to this Official Statement. See also "MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS" below.

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## Revenue Bond Coverage

Dollars in Thousands

	2012	2013	2014	2015	2016
Pledged Revenues					
Passenger Car Toll Revenues	\$112,428	\$112,820	\$114,871	\$122,183	\$126,063
Commercial Vehicle Toll Revenues	140,116	141,818	149,750	158,004	162,376
Special Toll Permit Revenues	3,392	3,518	3,460	3,413	3,427
Pledged Concession Revenues	-	13,483	14,437	15,432	15,631
Investment Earnings	353	261	441	557	841
Other Pledged Revenues	2,950	3,372	4,106	4,245	4,967
Total Pledged Revenues	\$259,239 <sup>(1)</sup>	\$275,272 <sup>(2)</sup>	\$287,065 <sup>(2)</sup>	\$303,834 <sup>(2)</sup>	\$313,305 <sup>(2)</sup>
Expenses Paid from Pledged Revenues <sup>(3)</sup> :					
Administration and Insurance	\$ 9,936	\$ 9,293	\$ 9,762	\$ 10,269	\$ 11,177
Maintenance of Roadway and Structures	35,565	35,015	36,702	35,810	38,319
Services and Toll Operations	51,266	50,369	50,646	51,911	54,072
Traffic Control, Safety, Patrol and Communications	14,558	14,040	13,657	13,912	14,399
Total Expenses Paid from Pledged Revenues	\$111,325	\$108,717	\$110,767	\$111,902	\$117,967
Deposit to Reserve Account	176	(539)	(238)	376	374
Net Revenues Available for Debt Service	\$147,738	\$167,094	\$176,536	\$191,556	\$194,964
Senior Lien Debt Service Requirements:					
Principal	\$ 25,839	\$ 27,863	\$ 29,228	\$ 30,737	\$ 32,266
Interest	29,649	29,530	30,660	29,148	27,628
Less Interest Earned	(73)	(425)	(513)	(685)	(877)
Total Senior Lien Debt Service Requirements	\$ 55,415	\$ 56,968	\$ 59,375	\$ 59,200	\$ 59,017
Calculated Debt Coverage Ratio	2.67	2.93	2.97	3.24	3.30
Junior Lien Debt Service Requirements:					
Principal			\$ -	\$ -	\$ -
Interest			36,146	36,146	36,146
Less Interest Earned			(830)	(725)	(931)
Less Interest Income transferred from Infrastructure Fund			(3,936)	(3,729)	(2,725)
Total Junior Lien Debt Service Requirements			\$ 31,380	\$ 31,692	\$ 32,490
Combined Debt Service Requirement			\$ 90,755	\$ 90,892	\$ 91,507
Combined Debt Coverage Ratio			1.95	2.11	2.13

(1) Gross Revenues per the Master Trust Agreement dated February 15, 1994, as amended in 2005 - consisting of tolls, special toll permits, certain realized investment earnings, appropriations from the Ohio Department of Transportation, and to the extent needed to achieve a debt coverage ratio of up to, but not more than 200%, leases, licenses, royalties, advertising, miscellaneous sales, fees, charges and certain concession revenues.

(2) Gross Revenues per the Amended and Restated Master Trust Agreement dated April 8, 2013, as amended in 2013 - consisting of tolls, special toll permits, certain realized investment earnings, appropriations from the Ohio Department of Transportation, leases, licenses, royalties, advertising, miscellaneous sales, fees, charges and certain concession revenues.

(3) Excludes non-cash GASB 68 pension expense.



## MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

### Discussion of Operating Results: 2012 through 2016

Over the last five years, the Commission has recovered from a decline in traffic and revenues because of the recession while implementing the Governor's Jobs and Transportation Plan which will, when fully implemented, provide \$1.38 billion for Infrastructure Projects across northern Ohio. The number of vehicles and the number of vehicle miles traveled has increased steadily since the recession. The increase in traffic combined with a toll increase in January of 2012 and three 2.7% toll increases in January of 2014, 2015 and 2016 has caused annual operating revenue to increase by \$61.4 million or 24.4% since 2010. During this time period the Commission has managed to control operating and maintenance costs (excluding depreciation and GASB 68 expense) so that they have increased by \$2.1 million per year or 1.8% since 2010.

#### 2012

Passenger car traffic volume increased by 1.0 percent and commercial traffic volume increased by 1.6 percent during 2012 as the economy continued its slow recovery from the recession. The number of miles traveled by passenger cars increased by 0.4 percent while the miles traveled by commercial vehicles increased by 0.9 percent during 2012. The increase in passenger car vehicle miles traveled along with a toll rate increase that took effect on January 1, 2012 resulted in an increase in toll revenue from passenger cars of approximately \$9.2 million or 8.9 percent. Revenues from commercial vehicles increased \$12.3 million or 9.6 percent as a result of the increase in commercial vehicle miles traveled and the January 1, 2012 toll rate increase. Total expenses increased by \$1.0 million or 0.9 percent in 2012 compared to the prior year. Fringe benefit expenses which are allocated to each area based on wages, increased \$3.3 million over 2011 due to higher health insurance costs, higher workers' compensation costs and higher compensated absence expense. The 13.6 percent increase in Administration and Insurance expense was primarily due to the increase in fringe benefit costs and the transfer of radio operator employees from Communications to Administration and the transfer of Administration Building maintenance employees from the Maintenance Department to Administration. The 1.6 percent decrease in Maintenance of Roadway and Structures expense is the result of milder winter weather in the first half of 2012 which resulted in a reduction of expenses for snow and ice control. The 1.4 percent increase in Services and Toll Operations expense is due primarily to increases in toll equipment maintenance. A full year of equipment maintenance costs was paid in 2012 on the toll system while part of the equipment maintenance costs in 2011 were covered under the one year warranty provided with the toll system purchase.

#### 2013

Passenger car traffic volume increased by 0.8 percent and commercial traffic volume increased by 1.8 percent during 2013. The number of miles traveled by passenger cars increased by 1.8 percent while the miles traveled by commercial vehicles increased by 1.9 percent during 2013. The increased toll revenue from passenger cars of approximately \$0.4 million or 0.4 percent was a result of the increase in passenger car vehicle miles traveled partially offset by a lower average toll rate resulting from the effect of increased *E-ZPass*® use. Revenues from commercial vehicles increased \$1.7 million or 1.2 percent in 2013 as a result of the increase in commercial vehicle miles traveled. Total expenses increased by \$33.0 million or 16.7 percent in 2013 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, decreased \$4.9 million over 2012 due to lower health insurance costs and lower workers' compensation costs. The 6.5 percent decrease in Administration and Insurance expense was primarily due to the decrease in fringe benefit costs. The 1.5 percent decrease in Maintenance of Roadway and Structures expense is the result of lower fringe benefit costs partially offset by increased snow and ice removal costs due to harsher winter weather in 2013. The 1.7 percent decrease in Services and Toll Operations expense is

due primarily to lower fringe benefit costs, lower toll collector wages and lower utility costs partially offset by a one-time charge for the demolition of a set of service plazas that are not currently planned to be reconstructed. The Commission made its first payments to the Ohio Department of Transportation totaling \$8.0 million in 2013 to pay for Infrastructure Projects. Interest expense increased \$24.9 million in 2013 due to the issuance of additional debt in August of 2013.

## **2014**

Passenger car traffic volume increased by 1.5 percent and commercial traffic volume increased by 3.3 percent during 2014. The number of miles traveled by passenger cars increased by 0.8 percent while the miles traveled by commercial vehicles increased by 3.5 percent during 2014. Toll rates were increased for all classes of vehicles by 2.7 percent on January 1, 2014. The increased toll revenue from passenger cars of approximately \$2.0 million or 1.8 percent was a result of the toll rate increase and the increase in passenger car vehicle miles traveled partially offset by a lower average toll rate resulting from the effect of increased *E-ZPass*® use. Revenues from commercial vehicles increased \$7.9 million or 5.6 percent in 2014 as a result of the toll rate increase and the increase in commercial vehicle miles traveled. Total expenses increased by \$217.4 million or 94.2 percent in 2014 compared to the prior year. The primary increase is due to \$182.8 million increase in Infrastructure payments to ODOT and a \$29.7 million increase in interest expense due to the issuance of the debt in August of 2013. Fringe benefit expenses, which are allocated to each area based on wages, increased \$2.5 million over 2013 due to higher health insurance costs and higher workers' compensation costs. The 5.0 percent increase in Administration and Insurance expense was primarily due to the increase in fringe benefit costs. The 4.8 percent increase in Maintenance of Roadway and Structures expense is the result of higher wages, higher fringe benefit costs and increased snow and ice removal costs due to harsher winter weather in 2014. The 0.5 percent increase in Services and Toll Operations expense is due primarily to higher fringe benefit costs and higher credit card fees partially offset by a one-time charge in 2013 for the demolition of a set of service plazas that are not currently planned to be reconstructed. The Commission made \$190.8 million in payments to ODOT in 2014 to pay for Infrastructure Projects.

## **2015**

Passenger car traffic volume increased by 4.4 percent and commercial traffic volume increased by 3.3 percent during 2015. The number of miles traveled by passenger cars increased by 4.8 percent while the miles traveled by commercial vehicles increased by 3.6 percent during 2015. Toll rates were increased for all classes of vehicles by 2.7 percent on January 1, 2015. The increased toll revenue from passenger cars of approximately \$7.3 million or 6.4 percent was a result of the toll rate increase and the increase in passenger car vehicle miles traveled partially offset by a lower average toll rate resulting from the effect of increased *E-ZPass*® use. Revenues from commercial vehicles increased \$8.3 million or 5.5 percent in 2015 as a result of the toll rate increase and the increase in commercial vehicle miles traveled. Total expenses increased by \$118.8 million or 26.5 percent in 2015 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, decreased \$1.0 million from 2014 due to lower pension expenses due to the implementation of GASB 68 and lower workers' compensation costs. The 4.3 percent increase in Administration and Insurance expense was primarily due to an increase in outside legal and professional fees. The 3.1 percent decrease in Maintenance of Roadway and Structures expense is the result of lower wages in 2015 compared to the harsher winter weather in 2014 partially offset by higher salt costs due to an increase in the price of salt. The 1.7 percent increase in Services and Toll Operations expense is due primarily to higher credit card fees. The Commission made \$306.3 million in payments to ODOT in 2015 to pay for Infrastructure Projects. Interest expense decreased \$0.5 million in 2015 due to the payments made on outstanding debt.

## **2016**

Passenger car traffic volume increased by 3.2 percent and commercial traffic volume increased by 1.2 percent during 2016. The number of miles traveled by passenger cars increased by 1.6 percent while the miles traveled by commercial vehicles increased by 0.5 percent during 2016. The increased toll revenue from passenger cars of approximately \$3.9 million or 3.2 percent that resulted from the toll rate increase and the increase in passenger car vehicle miles traveled was partially offset by a lower average toll rate resulting from the effect of increased E-ZPass® use. Revenues from commercial vehicles increased \$4.4 million or 2.8 percent in 2016 as a result of the toll rate increase and the increase in commercial vehicle miles traveled. Total expenses decreased by \$16.1 million in 2016 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, increased \$6.6 million from 2015 primarily due to a \$4.1 million increase in pension expenses and a \$2.0 increase in employee health benefit costs. The 12.8 percent increase in Administration and Insurance expense was primarily due to the increase in fringe benefit costs. The 11.3 percent increase in Maintenance of Roadway and Structures expense is the result of higher fringe benefit costs, higher contamination remediation costs and higher salt costs due to an increase in the price of salt. The 7.5 percent increase in Services and Toll Operations expense is due primarily to the increase in fringe benefit costs and higher credit card fees. The Commission made \$279.4 million in payments to ODOT in 2016 to pay for Infrastructure Projects. Interest expense decreased \$1.5 million in 2016 primarily due to an increase in capitalized interest on construction projects.

### **LONG-TERM TURNPIKE SYSTEM CAPITAL IMPROVEMENT PROGRAM**

#### **Overview of Approved 2017 Capital Budget and Projected Capital Program for 2017-2027**

The Commission prepares a one year capital budget which is approved by the Commission before the start of each calendar year. The capital budget details the construction projects and equipment purchases planned for the year that are necessary to maintain the Turnpike System in good condition.

Each year the Commission also prepares a long-term projection of future capital expenditures for at least the next ten years. The long-term projection is used to plan for sequencing of large capital projects and to forecast the need for toll increases or debt issuances.

The table below sets forth the Commission's approved capital plan for 2017 and the long-term projection for the next ten years in 2017 dollars. The long-term projections of future capital expenditures have been prepared by the Commission's Chief Engineer and reviewed by AECOM Technical Services, Inc. as General Consulting Engineers for the Commission.

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TOTAL CAPITAL PROGRAM	2017 BUDGET	10 YEAR PROJECTION									
		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>TOTAL</b>	\$ 121,440,611	\$ 98,171,022	\$ 126,234,522	\$ 122,811,909	\$ 136,679,648	\$ 138,805,886	\$ 139,286,507	\$ 143,245,514	\$ 157,443,146	\$ 156,861,519	\$ 165,734,947
Pavement Replacement	\$ 51,772,813	\$ 32,496,200	\$ 33,373,598	\$ 51,412,028	\$ 70,400,203	\$ 72,301,009	\$ 74,253,136	\$ 76,257,970	\$ 78,316,936	\$ 80,431,493	\$ 82,603,143
Resurfacing	\$ 20,821,675	\$ 23,830,547	\$ 24,473,972	\$ 22,849,790	\$ 20,533,393	\$ 21,087,794	\$ 21,657,165	\$ 22,241,908	\$ 22,842,440	\$ 23,459,185	\$ 24,092,583
Bridge Deck Replacements	\$ 13,280,852	\$ 11,861,113	\$ 10,512,683	\$ 10,625,152	\$ 12,261,369	\$ 11,146,405	\$ 10,209,806	\$ 11,883,534	\$ 14,162,313	\$ 13,338,223	\$ 13,560,683
Bridge Deck Overlays	\$ -	\$ 2,274,734	\$ 2,085,850	\$ 2,570,601	\$ 2,200,006	\$ 2,711,288	\$ 2,939,187	\$ 2,383,062	\$ 2,447,404	\$ 3,183,747	\$ 3,097,618
Bridge Painting	\$ 3,489,037	\$ 6,390,919	\$ 6,563,474	\$ 6,740,688	\$ 6,922,687	\$ 7,109,599	\$ 7,301,558	\$ 7,498,700	\$ 7,701,165	\$ 7,909,097	\$ 8,122,642
Misc. Bridge Repairs	\$ 5,908,854	\$ 2,166,413	\$ 2,224,907	\$ 2,284,979	\$ 4,810,681	\$ 4,940,569	\$ 5,073,964	\$ 5,210,961	\$ 5,351,657	\$ 5,496,152	\$ 5,644,548
Service Plazas	\$ 4,210,586	\$ 2,166,413	\$ 1,668,680	\$ 1,713,734	\$ 2,581,341	\$ 2,169,030	\$ 1,237,552	\$ 2,287,739	\$ 4,046,375	\$ 2,010,787	\$ 3,854,813
Toll Plazas	\$ 393,924	\$ -	\$ 556,227	\$ 571,245	\$ 586,668	\$ 602,508	\$ 618,776	\$ 635,483	\$ 652,641	\$ 670,262	\$ 688,360
Maintenance Building's	\$ 2,357,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,610,565	\$ 2,681,050	\$ 6,883,595
Telecommunications	\$ -	\$ 3,249,620	\$ -	\$ 7,997,427	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,157	\$ -
Culverts & Drainage	\$ 168,824	\$ 270,802	\$ 278,113	\$ 285,622	\$ 293,334	\$ 301,254	\$ 309,388	\$ 317,742	\$ 326,321	\$ 335,131	\$ 344,180
Interchange Repaving	\$ 3,489,037	\$ 3,607,078	\$ 6,117,380	\$ 3,650,254	\$ 4,121,932	\$ 3,904,254	\$ 3,062,942	\$ 1,437,463	\$ 4,170,377	\$ 1,829,816	\$ 1,664,453
Miscellaneous	\$ 1,069,221	\$ -	\$ 444,981	\$ 1,713,734	\$ 1,290,670	\$ 1,566,522	\$ 1,361,307	\$ 1,525,159	\$ 2,936,885	\$ 2,681,050	\$ 2,409,258
Toll Collection System	\$ 844,122	\$ -	\$ 27,811,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Renewal Replacment	\$ 13,183,554	\$ 9,478,058	\$ 9,733,966	\$ 9,996,783	\$ 10,266,696	\$ 10,543,897	\$ 10,828,582	\$ 11,120,954	\$ 11,421,220	\$ 11,729,593	\$ 12,046,292
Sign Upgrades	\$ 450,198	\$ 379,122	\$ 389,359	\$ 399,871	\$ 410,668	\$ 421,756	\$ 433,143	\$ 444,838	\$ 456,849	\$ 703,776	\$ 722,778

## **Replacement of the Original Concrete Pavement**

The Commission has completed a review and analysis of the condition of the concrete pavement of the original two directional roadway lanes (965 lane miles), which is more than 60 years old. A Master Plan has been developed identifying the required pavement replacement sequence. The first pavement section was reconstructed in 2011 and the last pavement section is projected to be reconstructed in 2041.

The Commission has budgeted between \$98 million and \$157 million annually through 2026 for all capital projects, including replacement of the original concrete pavement. The capital improvement program over the next ten years is expected to be funded with approximately \$100 million in proceeds from additional debt issuances and the remainder is expected to be funded from operations.

## **Funding of Capital Improvement Program**

While it is anticipated that the Commission will primarily finance its ongoing capital improvement program from its existing cash balances and resources generated from future operations, at the discretion of the Commission, additional bonds may be issued in the future to finance a portion of these costs. The amount of any Senior Lien Bonds issued on a parity basis with the Outstanding Senior Lien Bonds, including the 2017 Bonds, under the Senior Lien Trust Agreement will be limited by the provisions of the Senior Lien Trust Agreement. See “EXHIBIT A – GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT – Issuance of Bonds” herein. The amount of any Junior Lien Bonds issued on a parity basis with the Outstanding Junior Lien Bonds under the Junior Lien Trust Agreement will be limited by the provisions of the Junior Lien Trust Agreement.

## **THE INFRASTRUCTURE PROJECT PROGRAM**

### **General**

In Ohio, the Transportation Review Advisory Council (the “TRAC”) is the body that reviews and prioritizes the state’s transportation projects. The TRAC is the only statutorily enacted independent council of its kind in the country. The TRAC utilizes a three-tiered process to prioritize statewide transportation projects. “Tier 1” projects are deemed to be of the highest priority. In 2012, ODOT determined that it had a \$1.6 billion shortfall for the funding of “Tier 1” projects and an \$8 billion shortfall for the funding of Tier 2 and Tier 3 projects. To address this announced shortfall, the Ohio Jobs and Transportation Plan (the “Plan”) was adopted to fund certain highway infrastructure projects that have a transportation-related nexus to the Turnpike System. In connection with the Plan, the Commission issued junior lien Turnpike revenue bonds to fund certain Infrastructure Projects which were determined to have a transportation-related nexus to the Turnpike System and which were previously reviewed and recommended by the TRAC. See “THE COMMISSION – The Commission’s Role in the Ohio Jobs and Transportation Plan” herein.

### **Infrastructure Project Selection Process**

Prior to receiving funding from the Commission for an Infrastructure Project, the Director of ODOT must submit to the Commission applications for the funding of an Infrastructure Project (as defined under Chapter 5537 of the Ohio Revised Code) in accordance with R.C. 5537.18 and Chapter 5537-10-01 of the Ohio Administrative Code (“OAC”). To be considered for funding by the Commission, an Infrastructure Project first must be reviewed and recommended by the TRAC pursuant to the selection process specified in Chapter 5512 of the Ohio Revised Code.

R.C. 5537.18 sets forth criteria that the Commission is required to consider in reviewing applications for Infrastructure Project funding. These criteria, as set forth in OAC Chapter 5537.10, generally require that the Infrastructure Project have an anticipated benefit to the system of public highways

in the state of Ohio and transportation related nexus with and relationship to the Turnpike System and the Ohio Turnpike and infrastructure system.

Each of the steps in the Infrastructure Project approval process is described in more detail below.

### ***Transportation Review Advisory Council Approval***

The TRAC develops and oversees the selection process for all major new transportation capacity projects. A major transportation capacity project is generally defined as a project costing more than \$12 million, which adds transportation capacity or reduces congestion, and is critical to the mobility, economic development, and quality of life of the citizens of Ohio.

The TRAC is a permanent body of predominantly non-ODOT personnel, which develops and modifies a project selection process and which approves major new projects for funding. The TRAC has nine members and is chaired by the Director of ODOT. The other eight members consist of six members appointed by the Governor and one each by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate. Members have overlapping terms. In accordance with the law, the Director of ODOT biennially provides the TRAC with a report on the money available for new construction for the following four-year period. Since its inception, the purpose of the TRAC has been to help make decisions on major statewide and regional transportation investments. All transportation projects that cost greater than \$12 million, request major new funding, and add capacity to a transportation facility must come before the TRAC.

The TRAC evaluates and scores major new capacity projects using a process that accounts for transportation factors (e.g., safety, capacity increase, congestion decrease, emission reductions), community and economic growth and development factors and project sponsor investment factors. The TRAC uses the relative scores of proposed major new capacity projects to prioritize those projects. It should be noted that the TRAC is not required to fund projects in the order of their ranking. The ranking is a means to help the TRAC generally prioritize and rank projects in order of their transportation and community benefit and economic development benefits.

### ***Director of ODOT Application***

The Director of ODOT may submit a funding application to the Commission only for an Infrastructure Project that has previously been reviewed and approved by the TRAC as required by R.C. 5537.18. In selecting Infrastructure Projects for which applications will be made to the Commission for funding, the Director of ODOT must consider the physical proximity of the project to the Turnpike System. R.C. 5537.18 also requires that not less than 90% of the total cost of the Infrastructure Project funding requests submitted by the Director of ODOT must be for Infrastructure Projects that are at least partially located within 75 miles of the Turnpike System.

### ***Commission Approval***

The Commission must evaluate each application for Infrastructure Project funding in accordance with the procedures and criteria established in its rules, Chapter 5537-10 of the Ohio Administrative Code. The Commission has adopted a rule under which it will apply the statutory criteria established for determining the required “nexus”. These criteria include: 1) physical proximity of the Infrastructure Project to and a direct or indirect physical connection between the Infrastructure Project and the Ohio Turnpike System; 2) impact of the Infrastructure Project on traffic density, flow through, or capacity on the Ohio Turnpike System; 3) impact of the Infrastructure Project on the Ohio Turnpike System toll revenue or other revenues; 4) impact of the Infrastructure Project on the movement of goods and services on or in the area of the Ohio Turnpike System; and 5) enhancement or improvement by and through the Infrastructure Project of

access to, use of, and egress from the Ohio Turnpike System and access to and from connected areas of population, commerce, and industry. Once the Commission has reviewed the funding requests, it will exercise its authority to approve applications and formally vote to authorize the funding of the Infrastructure Project. If such funding is authorized, an agreement will be entered into with ODOT to fund the Infrastructure Project. Under R.C. 5537.18, a determination or approval by the Commission is conclusive and incontestable.

***Infrastructure Projects for which Bonds may be Issued, and Expenditures of Funds***

An “Infrastructure Project” for which the Commission may issue bonds is generally defined by R.C. 5537.18 as any public highway (including all bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, and those portions of connecting public roads that serve interchanges) that is constructed or improved with infrastructure funding approved by the Commission.

**PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE**

Projected debt coverage ratios of 1.7 or better are expected on the Senior Lien Bonds and the Junior Lien Bonds combined. These projected debt service coverage ratios reflect the current plan of the Commission to issue an additional \$80 million in Senior Lien Bonds for improvements to the Turnpike System and an additional \$450 million in Junior Lien Bonds for Infrastructure Projects in 2018.

The following table shows estimated annual net revenues of the Turnpike System for the fiscal years ending 2017 through 2027. These net revenues were derived by deducting estimated expenses, estimated by the Traffic Consultant, from the annual revenues of the Turnpike System as estimated by the Traffic Consultant. In the opinion of the Traffic Consultant, its forecast of traffic volume and revenue is reasonable and has been prepared in accordance with accepted practices for such study. Reference is made to the Traffic and Toll Revenue Forecast for the data and assumptions on which the projections of the Commission’s net revenues are based. The Traffic and Toll Revenue Forecast should be read in its entirety for a description of the specific and overall assumptions made by the Traffic Consultant in making those projections. See “EXHIBIT D - TRAFFIC AND TOLL REVENUE FORECAST” and “INVESTMENT CONSIDERATIONS” and “LITIGATION” herein.

The table below reflects the Commission’s assumptions described under “PLAN OF FINANCE” and “DEBT SERVICE”. Actual operating results and debt service coverage may vary from the projections in the following table due to several factors. These factors include, but are not limited to, fluctuating economic conditions, changes in construction schedules, the timing and amount of future debt issuance and the outcome of a legal challenge to adopted toll increases. See “LITIGATION” herein. Accordingly, there may be material variances between the following projections and actual results during the forecast period of 2017 through 2027.

The Commission’s independent auditors have not compiled, examined or performed any procedures with respect to the prospective financial information contained in the following table, nor have they expressed any opinion or other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

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**PROJECTED OPERATING RESULTS (\$000's)**  
**(FY 2017 - 2027)**

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
<b>Gross Revenues<sup>1</sup></b>											
Passenger Toll Revenue	130,300	132,900	135,500	138,500	141,700	145,100	148,600	154,500	158,000	162,200	167,100
Commercial Toll Revenue	167,500	174,400	181,200	188,600	196,000	203,200	211,100	218,800	227,200	236,000	245,000
<b>Total Toll Revenue</b>	<b>297,800</b>	<b>307,300</b>	<b>316,800</b>	<b>327,100</b>	<b>337,700</b>	<b>348,300</b>	<b>359,800</b>	<b>373,300</b>	<b>385,300</b>	<b>398,200</b>	<b>412,100</b>
Special Toll Permits	3,600	3,600	3,700	3,800	3,800	3,900	4,000	4,100	4,200	4,200	4,300
Concessions / Service Plaza	16,700	17,200	17,900	18,500	19,100	19,700	20,300	20,900	21,600	22,300	23,100
Leases & Licenses / Other	4,500	4,600	4,700	4,900	5,000	5,100	5,300	5,400	5,500	5,700	5,900
Pledged Funds Investment Income <sup>2</sup>	1,300	2,400	2,900	3,800	3,700	3,800	3,800	3,900	3,900	3,900	4,000
<b>Total Other Revenue</b>	<b>26,100</b>	<b>27,800</b>	<b>29,200</b>	<b>31,000</b>	<b>31,600</b>	<b>32,500</b>	<b>33,400</b>	<b>34,300</b>	<b>35,200</b>	<b>36,100</b>	<b>37,300</b>
<b>Total Gross Revenue<sup>1</sup></b>	<b>323,900</b>	<b>335,100</b>	<b>346,000</b>	<b>358,100</b>	<b>369,300</b>	<b>380,800</b>	<b>393,200</b>	<b>407,600</b>	<b>420,500</b>	<b>434,300</b>	<b>449,400</b>
<b>Gross Operating Expenses paid from Pledged Revenues<sup>1</sup></b>	<b>118,328</b>	<b>121,883</b>	<b>125,267</b>	<b>128,917</b>	<b>132,500</b>	<b>136,183</b>	<b>140,042</b>	<b>143,917</b>	<b>147,925</b>	<b>152,150</b>	<b>156,358</b>
<b>Net Revenues Available for Debt Service</b>	<b>205,572</b>	<b>213,217</b>	<b>220,733</b>	<b>229,183</b>	<b>236,800</b>	<b>244,617</b>	<b>253,158</b>	<b>263,683</b>	<b>272,575</b>	<b>282,150</b>	<b>293,042</b>
<b>Senior Debt Service Requirement<sup>3</sup></b>											
Existing Senior Debt Service Requirement	59,908	59,895	59,893	59,600	59,538	59,580	59,600	52,389	50,959	30,089	25,905
Refunded Bonds Senior Debt Service Requirement	(2,083)	(6,250)	(6,250)	(13,562)	(19,134)	(19,996)	(20,019)	(20,996)	(21,202)	(5,091)	(18,835)
2017 Series A Senior Debt Service Requirement	1,545	6,240	6,242	13,147	18,966	19,987	13,055	12,082	19,690	5,081	18,825
2018 Series Senior Debt Service Requirement	-	3,103	3,557	3,557	3,557	3,557	3,557	3,557	3,557	3,557	3,557
<b>Total Gross Senior Debt Service Requirement</b>	<b>59,370</b>	<b>62,988</b>	<b>63,443</b>	<b>62,742</b>	<b>62,926</b>	<b>63,128</b>	<b>56,193</b>	<b>47,033</b>	<b>53,004</b>	<b>33,636</b>	<b>29,452</b>
<b>Less Total Senior DSRF Earnings<sup>4</sup></b>	<b>(934)</b>	<b>(986)</b>	<b>(1,183)</b>	<b>(1,379)</b>	<b>(1,577)</b>	<b>(1,578)</b>	<b>(1,544)</b>	<b>(1,498)</b>	<b>(1,528)</b>	<b>(1,431)</b>	<b>(1,410)</b>
<b>Net Senior Debt Service Requirement</b>	<b>58,436</b>	<b>62,001</b>	<b>62,260</b>	<b>61,363</b>	<b>61,349</b>	<b>61,549</b>	<b>54,649</b>	<b>45,535</b>	<b>51,476</b>	<b>32,205</b>	<b>28,042</b>
<b>Junior Debt Service Requirement<sup>5</sup></b>											
Existing Junior Debt Service Requirement	36,146	42,871	41,322	36,368	35,493	38,855	61,298	68,281	62,007	60,363	62,676
2018 Series Junior Debt Service Requirement	-	17,451	20,008	20,008	20,008	20,008	20,008	20,008	20,008	37,003	42,874
<b>Total Gross Junior Debt Service Requirement</b>	<b>36,146</b>	<b>60,322</b>	<b>61,329</b>	<b>56,375</b>	<b>55,500</b>	<b>58,863</b>	<b>81,306</b>	<b>88,288</b>	<b>82,015</b>	<b>97,366</b>	<b>105,549</b>
<b>Less Total Junior DSRF Earnings<sup>6</sup></b>	<b>(2,134)</b>	<b>(7,560)</b>	<b>(5,626)</b>	<b>(3,480)</b>	<b>(2,473)</b>	<b>(2,489)</b>	<b>(2,602)</b>	<b>(2,637)</b>	<b>(2,605)</b>	<b>(2,682)</b>	<b>(2,723)</b>
<b>Net Junior Debt Service Requirement</b>	<b>34,013</b>	<b>52,762</b>	<b>55,703</b>	<b>52,895</b>	<b>53,028</b>	<b>56,373</b>	<b>78,704</b>	<b>85,652</b>	<b>79,410</b>	<b>94,684</b>	<b>102,826</b>
<b>Net Composite Debt Service Requirement</b>	<b>92,448</b>	<b>114,763</b>	<b>117,962</b>	<b>114,259</b>	<b>114,376</b>	<b>117,923</b>	<b>133,354</b>	<b>131,187</b>	<b>130,886</b>	<b>126,890</b>	<b>130,869</b>
<b>Senior Lien Debt Service Coverage</b>	<b>3.52x</b>	<b>3.44x</b>	<b>3.55x</b>	<b>3.73x</b>	<b>3.86x</b>	<b>3.97x</b>	<b>4.63x</b>	<b>5.79x</b>	<b>5.30x</b>	<b>8.76x</b>	<b>10.45x</b>
<b>Composite Debt Service Coverage</b>	<b>2.22x</b>	<b>1.86x</b>	<b>1.87x</b>	<b>2.01x</b>	<b>2.07x</b>	<b>2.07x</b>	<b>1.90x</b>	<b>2.01x</b>	<b>2.08x</b>	<b>2.22x</b>	<b>2.24x</b>

Source: Ohio Turnpike and Infrastructure Commission

\*Values may not add due to rounding.

<sup>1</sup>Revenues and expenses are preliminary and are projected by Jacobs Engineering Group except Pledged Funds Investment Income. Expenses include deposit to the Expense Reserve Account.

<sup>2</sup>Excludes Renewal and Replacement Fund earnings and Service Plaza Capital Improvement Fund earnings as these earnings are given to PAYGO. Includes earnings from Jr. Construction Funds.

<sup>3</sup>Assumes 2018 Senior Lien bonds are issued at an all in interest cost of approximately 3.86% primarily for Turnpike-related projects.

<sup>4</sup>Assumes balance of the Debt Service Reserve Fund and amounts on deposit in the Debt Service Fund earning an average of approximately 1.8%

<sup>5</sup>Assumes 2018 Junior Lien bonds are issued at an all in interest cost of approximately 3.22% primarily for Infrastructure-related projects.

<sup>6</sup>Assumes balance of the Debt Service Reserve Fund and amounts on deposit in the Debt Service Fund earning an average of approximately 1.8%. Also includes assumed earnings on the Infrastructure Fund.



## **LONG-TERM PRO FORMA DEBT SERVICE COVERAGE**

Attached as Exhibit F is a table projecting operating results and projected debt service coverage for the Commission for the years 2017 through 2048 upon the issuance of the 2017 Bonds.

The net revenues in the table were derived by deducting estimated expenses, estimated by the Traffic Consultant, from the annual revenues of the Turnpike System as estimated by the Traffic Consultant. In the opinion of the Traffic Consultant, its forecast of traffic volume and revenue is reasonable and has been prepared in accordance with accepted practices for such study. Reference is made to the Traffic and Toll Revenue Forecast for the data and assumptions on which the projections of the Commission's net revenues are based. The Traffic and Toll Revenue Forecast should be read in its entirety for a description of the specific and overall assumptions made by the Traffic Consultant in making those projections. See "EXHIBIT D - TRAFFIC AND TOLL REVENUE FORECAST" and "INVESTMENT CONSIDERATIONS" herein.

Actual operating results and debt service coverage may vary from the projections in the table shown as Exhibit F due to several factors. These factors include, but are not limited to, fluctuating economic conditions, changes in construction schedules, and the timing and amount of future toll increases. Accordingly, there may be material variances between the following projections and actual results during the forecast period of 2017 through 2048.

The Commission's independent auditors have not complied, examined or performed any procedures with respect to the prospective financial information contained in the table attached as Exhibit F, nor have they expressed any opinion or other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

## **INVESTMENT CONSIDERATIONS**

The following is a discussion of certain investment considerations that should be evaluated in connection with an investment in the 2017 Bonds. This discussion does not purport to be either comprehensive or definitive. The order in which such considerations and risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may well be other considerations and risks associated with an investment in the 2017 Bonds in addition to those set forth herein. Investors are advised to read the entire Official Statement, including the Exhibits hereto, to obtain information essential to the making of an informed investment decision.

### **Traffic Study**

As the Traffic Consultant for the Commission, Jacobs Engineering Group Inc. was requested by the Commission to prepare a traffic and toll revenue projection study (the "Traffic and Toll Revenue Forecast") presenting its analyses and findings relative to recent trends in traffic and revenue with respect to the Turnpike System. See "EXHIBIT D – TRAFFIC AND TOLL REVENUE FORECAST." The revenue forecasts contained in the Traffic and Toll Revenue Forecast are based upon certain assumptions and limits set forth or incorporated therein which should be reviewed by potential investors to assure an understanding of some of the risks inherent in such estimates and projections. The Traffic and Toll Revenue Forecast is not a guarantee of any future events or trends and the forecasts therein are subject to future economic and social conditions and demographic developments that cannot be predicted with certainty. Further, the estimates, projections and assumptions in the Traffic and Toll Revenue Forecast are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Commission. Failure to achieve or realize any of the assumptions listed in the Traffic and Toll Revenue Forecast may have a materially adverse effect upon the revenues actually realized by the Commission.

In addition, as set forth in the Traffic and Toll Revenue Forecast, there is a considerable uncertainty inherent in future traffic and revenue forecasts for any toll facility, and differences between forecasted and actual results (which may be material) may occur due to events and circumstances beyond the control of the forecasters, including without limitation economic conditions and other factors. While future traffic volume and revenues cannot be predicted with certainty, the Commission reasonably expects that it will have sufficient revenue to meet the then existing debt and operational obligations of the Commission. See “EXHIBIT D – TRAFFIC AND TOLL REVENUE FORECAST.”

### **Commission Revenues May Decline**

The information provided with respect to toll revenues collected by the Commission is based on historical data. The amount of future toll revenues to be collected by the Commission depends upon a number of factors, some of which are not in the control of the Commission. Some of these factors include a decline in traffic on the Turnpike System due to general economic conditions, diversion of traffic to alternative non-toll routes, increased fuel costs, limited supply of fuel, availability of alternate forms of travel and shipping, and government regulations, such as Clean Air Act requirements, increased mileage standards or higher fuel taxes, which could significantly restrict motor vehicle use, as well as international events affecting fuel supply and costs. Although the Commission has covenanted in the Senior Lien Trust Agreement to fix, charge and collect tolls for the use of the Turnpike System in amounts required by the toll covenants in such Trust Agreements, there can be no assurance that the traffic on the Turnpike System will continue to be sufficient for the Commission to generate the necessary revenues to meet its obligations under the Senior Lien Trust Agreement.

### **Ratings of the 2017 Bonds Could be Lowered or Withdrawn**

Three credit rating agencies have assigned credit ratings to the 2017 Bonds. The ratings of the 2017 Bonds are not a recommendation to purchase, hold or sell the 2017 Bonds, and the ratings do not comment on the market price or suitability of the 2017 Bonds for a particular investor. The ratings of the 2017 Bonds may not remain for any given period of time and may be lowered or withdrawn depending on, among other things, each rating agency’s assessment of the Commission’s financial strength.

### **Certain Matters Relating to Enforceability of Obligations**

The remedies available to owners of the 2017 Bonds upon an event of default under the Senior Lien Trust Agreement or other documents described herein are in many respects dependent upon regulatory and judicial actions which often are subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, the remedies specified by the Senior Lien Trust Agreement and such other documents may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the issuance of the 2017 Bonds will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

### **Bankruptcy Risk**

The rights and remedies of owners of 2017 Bonds could be limited by the provisions of the Federal Bankruptcy Code, as now or hereafter enacted (the “Bankruptcy Code”) or by other laws or legal or equitable principles which may affect the enforcement of creditors’ rights. Chapter 9 of the Bankruptcy Code permits, under prescribed circumstances, a political subdivision or public agency or instrumentality of a state, such as the Commission, to commence a voluntary bankruptcy proceeding and to file a plan of adjustment in the repayment of its debts, if such entity is generally not paying its debts as they become due. Under the Bankruptcy Code, an involuntary petition cannot be filed against a political subdivision, public agency or instrumentality of a state.

In order to proceed under Chapter 9 of the Bankruptcy Code, state law must authorize the political subdivision, public agency or instrumentality to file a petition under the Bankruptcy Code. THE OHIO TURNPIKE ACT DOES NOT CURRENTLY AUTHORIZE THE COMMISSION TO FILE A PETITION UNDER THE BANKRUPTCY CODE.

### **Changes in Federal Tax Law**

Current and future legislative proposals, if enacted into law, could cause some or all of the interest on the 2017 Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from state income taxation, or otherwise prevent the owners of the 2017 Bonds from realizing the full current benefit of the tax status of such interest. The introduction and/or enactment of any such legislative proposals may also affect the market price for, or marketability of, the 2017 Bonds. Prospective purchasers of the 2017 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Bond Counsel will express no opinion. See “TAX MATTERS” herein.

### **Legislative Action**

Legislation is introduced from time to time in the State Legislature which, if adopted, may affect the Commission and/or the Turnpike System. The Commission cannot predict whether or not these bills will be enacted into law or how such legislation may affect the Commission and its ability to pay debt service on the 2017 Bonds.

### **Litigation**

See “LITIGATION” for a description of allegations contained in pending litigation challenging the series of annual toll increases (the “Increased Tolls”) authorized on the Ohio Turnpike, the first of which took effect on January 1, 2014. These Increased Tolls were approved by the Commission on July 15, 2013, in support of the issuance of the Commission’s \$1,068,307,815.75 Turnpike Revenue Bonds, 2013 Series A (the “2013 Bonds”), and are also a source of security for and payment of the 2017 Bonds, all as described herein under “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS” and “TOLLS AND TOLL COLLECTION”. Also see “LEGAL MATTERS” for a description of certain legal opinions expected to be delivered at closing. The ultimate disposition of this pending litigation is not presently determinable, nor can the Commission determine at this time what impact an adverse determination in this litigation might have on the 2017 Bonds, payment of any interest on or principal of the 2017 Bonds, the timing or security for repayment of the 2017 Bonds, or the operations or financial condition of the Commission.

### **ELIGIBILITY UNDER OHIO LAW FOR INVESTMENT AND AS SECURITY FOR THE DEPOSIT OF PUBLIC MONEYS**

To the extent that a particular investor is governed by Ohio law with respect to its investments, and subject to any applicable limitations under other provisions of Ohio law, the 2017 Bonds are lawful investments for banks, savings and loan associations, credit union share guaranty corporations, trust companies, trustees, fiduciaries, insurance companies, including domestic for life and domestic not for life, trustees or other officers having charge of sinking and bond retirement or other funds of the State or its political subdivisions and taxing districts, the commissioners of the sinking fund of the State, the administrator of workers’ compensation, the State teachers retirement system, the public employees retirement system, the school employees retirement system, and the Ohio police and fire pension fund, and are acceptable as security for the repayment of the deposit of public moneys.

Beneficial Owners of the 2017 Bonds should make their own determination as to such matters of legality of investment in, or pledge of book-entry interests in, the 2017 Bonds.

## LITIGATION

On March 31, 2015, the Ohio Turnpike and Infrastructure Commission (the “Commission”) was served with the original complaint in a lawsuit (the “Litigation”) filed on March 20, 2015 in the Court of Common Pleas of Cuyahoga County, Ohio, challenging the series of annual toll increases (the “Increased Tolls”), the first of which took effect on January 1, 2014. These Increased Tolls were approved by the Commission on July 15, 2013, in support of the issuance on August 15, 2013 of the Commission’s 2013 Bonds. The Increased Tolls are described herein under “SECURITY FOR AND SOURCE OF PAYMENT OF THE BONDS and TOLLS AND TOLL COLLECTION” herein. Those 2013 Bonds are comprised of \$73,495,000 Senior Lien Bonds issued to pay costs of improvements on the Ohio Turnpike and \$994,812,815.75 Junior Lien Bonds issued to pay costs of other highway infrastructure projects determined to have a “nexus” to the Ohio Turnpike under procedures and criteria established by the Commission pursuant to statute (see “THE INFRASTRUCTURE PROJECT PROGRAM” herein). These Increased Tolls are also the source of payment for the 2017 Bonds.

Plaintiff’s original complaint alleged that the Increased Tolls violated the Commerce and Equal Protection Clauses of the United States Constitution and the right to travel under the United States and Ohio Constitutions, and were an unlawful tax or user fee under Ohio law. The original complaint also requested certification of the case as a class action for the benefit of all Ohio Turnpike users who have paid the Increased Tolls, an order enjoining the Commission from continuing to collect the Increased Tolls and the repayment of all Increased Tolls collected since January 1, 2014. The Commission instructed its legal counsel to vigorously defend against this Litigation.

On April 27, 2015, the Commission removed the Litigation to the United States District Court for the Northern District of Ohio based on the federal constitutional claims. On August 25, 2015, in response to the Commission’s motion to dismiss and following briefing by both parties, the federal court issued a Memorandum of Opinion and Order (finalized in a November 12, 2015 Judgment Entry) dismissing all claims asserted by plaintiff under the United States Constitution. The federal court then remanded the sole remaining claim, asserted under Ohio law, for consideration by the Common Pleas Court. Plaintiff has not appealed the Federal District Court’s dismissal of all the federal claims.

On September 18, 2015, plaintiff filed her first amended complaint restating her state law claim alleging that the Increased Tolls constitute an unlawful tax under the Ohio Constitution, and seeking certification of a plaintiff class and an injunction prohibiting further collection of the Increased Tolls and disgorgement of the Increased Tolls previously collected. On September 21, 2015, the Commission moved to dismiss this first amended complaint and to stay discovery pending the trial court’s ruling on this motion to dismiss. On June 27, 2016, the court denied the Commission’s motion to dismiss the Litigation but ordered plaintiff to file a second amended complaint more clearly specifying the provisions of the Ohio Constitution upon which she seeks relief. Further, the court ordered plaintiff to serve the Ohio Attorney General with a copy of the complaint as required by statute.

On July 27, 2016, as ordered by the court, plaintiff filed her second amended complaint. The Commission moved to dismiss this second amended complaint on August 10, 2016, and on September 7, 2016, plaintiff filed a brief opposing the motion to dismiss. The Commission then filed a further reply brief on September 26, 2016.

On October 12, 2016, the Commission moved to further stay discovery until the trial court rules on its pending motion to dismiss the second amended complaint. Plaintiff filed her opposition to the Commission’s motion the following day. On November 4, 2016, the Attorney General filed with the trial court a motion to intervene in the Litigation, an answer to the plaintiff’s second amended complaint, and a motion to dismiss that complaint, with briefs supporting those motions.

On August 30, 2017, the motions of the Attorney General and the Commission to dismiss the Litigation were granted. The court dismissed the plaintiff's claims with prejudice for failure to state a claim upon which relief can be granted. The Litigation remains subject to the plaintiff's appeal rights.

The ultimate disposition of this Litigation is not presently determinable, nor can the Commission determine at this time what impact an adverse determination in the Litigation might have on the 2017 Bonds, payment of any interest on or principal of the 2017 Bonds, the timing or security for repayment of the 2017 Bonds, or the operations or financial condition of the Commission.

To the knowledge of the Executive Director and the General Counsel of the Commission, no litigation or administrative action or proceeding is pending or threatened restraining or enjoining, or seeking to restrain or enjoin the issuance and delivery of the 2017 Bonds. Further, to the knowledge of the Executive Director and the General Counsel of the Commission, with the exception of the Litigation described above, no litigation or administrative action or proceedings is pending or threatened restraining or enjoining, or seeking to restrain or enjoin, the collection of System Pledged Revenues to pay the debt service on the 2017 Bonds or any Outstanding Bonds. Furthermore, no litigation or administrative action or proceedings is pending or threatened contesting or questioning the proceedings and authority under which the 2017 Bonds are authorized and are to be issued, sold, executed or delivered, or the validity of the 2017 Bonds. A no-litigation certificate to such effect will be delivered to the Underwriters at the time of original delivery of the 2017 Bonds to the Underwriters.

The Commission is a party to various legal proceedings seeking damages generally incidental to its operations. These proceedings are unrelated to the issuance of the 2017 Bonds or the pledge of the security therefor. The ultimate disposition of such proceedings is not presently determinable, but will not, in the opinion of the officials of the Commission, have a material adverse effect on the issuance of the 2017 Bonds, the pledge of the security therefor, or the Commission's performance of its obligations under the Senior Lien Trust Agreement or the Junior Lien Trust Agreement.

## **UNDERWRITING**

Citigroup Global Markets Inc., as representative of the underwriters identified on the cover page (the "Underwriters") and pursuant to a Bond Purchase Agreement with the Commission (the "Purchase Contract"), has agreed to purchase the 2017 Bonds at a price equal to \$137,237,564.34. The purchase price reflects an underwriting discount of \$180,855.31 and an original issue premium of \$22,748,419.65. The obligation of the Underwriters to accept delivery of the 2017 Bonds is subject to various conditions set forth in the Purchase Contract, but the Underwriters are obligated to purchase all of the 2017 Bonds if any are purchased.

The Underwriters are purchasing the 2017 Bonds as originally issued for purpose of resale. The Underwriters reserve the right to join with dealers and other underwriters in offering the 2017 Bonds to the public. The Underwriters may offer and sell the 2017 Bonds to certain dealers (including dealer banks and dealers depositing the 2017 Bonds into unit investment trusts, certain of which may be sponsored or managed by the Underwriters), and others at prices lower than the public offering prices noted on the cover page. The initial offering prices of the 2017 Bonds may be changed, from time to time, by the Underwriters.

Citigroup Global Markets Inc., an underwriter of the Bonds, has entered into a retail distribution agreement with UBS Financial Services Inc. ("UBSFS"). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors through the financial advisor network of UBSFS. As part of this arrangement, Citigroup Global Markets Inc. may compensate UBSFS for their selling efforts with respect to the Bonds.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the issuer for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the issuer.

The underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments.

## **RATINGS**

Fitch Ratings, Moody's Investors Service and S&P Global Ratings have assigned ratings of "AA", "Aa3" and "AA-", respectively, to the 2017 Bonds. A rating reflects only the view of the rating service and an explanation of the significance of the rating may only be obtained from that rating service.

Each such rating reflects only the views of such rating agency. Any explanation of the significance of the rating may only be obtained from Fitch Ratings, One State Street Plaza, New York, New York 10004, telephone (800) 893-4824; Moody's Investors Service, 100 Broadway, New York, New York 10005, telephone (212) 553-1653; and S&P Global Ratings, 55 Water Street, New York, New York 10041, telephone (212) 512-4595, respectively.

The Commission furnished to the rating agencies certain information and materials, some of which may not have been included in this Official Statement, relating to the 2017 Bonds, the Commission and the Turnpike System. Generally, rating agencies base their ratings on such information and materials, as well as investigation, studies and assumptions by the rating agency. There can be no assurance that a rating, when assigned, will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances so warrant. In addition, the Commission currently expects to provide to the rating agencies (but assumes no obligation to furnish to the Underwriters or the Holders) further information and materials that any of them may request. The Commission does not, however, obligate itself hereby to furnish such information and materials, and may issue unrated bonds and notes from time to time. Failure by the Commission to furnish such information and materials, or the issuance of unrated bonds or notes, may result in the suspension or withdrawal of a rating agency's rating on the 2017 Bonds. Any lowering, suspension or withdrawal of such ratings may have an adverse effect on the marketability or market price of the 2017 Bonds. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## **LEGAL MATTERS**

Legal matters incident to the issuance of the 2017 Bonds and with regard to the tax-exempt status of the interest thereon (see "TAX MATTERS" herein) are subject to the approving opinions of Squire Patton Boggs (US) LLP, Bond Counsel. A signed copy of those opinions, dated and speaking as of the date of

original delivery of the 2017 Bonds to the Underwriters, will be delivered to the Underwriters at the time of original delivery. Assuming no change in applicable law prior to the date of delivery of such opinions, the opinions will be substantially in the forms attached hereto as Exhibit B.

In its capacity as Bond Counsel, Squire Patton Boggs (US) LLP, has reviewed those portions (excluding certain information concerning the book entry system therein and in Exhibit E) of this Official Statement pertaining solely to the 2017 Bonds, and the Senior Lien Trust Agreement and the Junior Lien Trust Agreement contained under the captions “DESCRIPTION OF THE 2017 BONDS,” “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS,” “LEGAL MATTERS,” “TAX MATTERS” and Exhibit A attached hereto. Said firm has not been retained to pass upon, and will express no opinion as to the accuracy, completeness or fairness of any other information in this Official Statement, including its exhibits (other than Exhibits A and B), or in any other reports, financial information, offering or disclosure documents or other information pertaining to the Commission or the 2017 Bonds that may be prepared or made available by the Commission or others to the Holders of the 2017 Bonds or others.

Certain legal matters will be passed upon for the Commission by its General Counsel, Jennifer L. Stueber. Certain legal matters will be passed upon for the Underwriters by Tucker Ellis LLP.

### **MUNICIPAL ADVISOR**

The Commission has retained PFM Financial Advisors LLC, Cleveland, Ohio as Municipal Advisor with respect to the authorization and issuance of the 2017 Bonds. The Municipal Advisor is not obligated to undertake or assume responsibility for, nor has it undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

### **VERIFICATION AGENT**

Before delivery of the 2017 Bonds, Robert Thomas CPA, LLC will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them by the Underwriters. Those computations relate to the adequacy of the cash and securities deposited with the Escrow Trustee for the Series 2009A Bonds and the Series 2010A Bonds to pay the debt service on the Refunded Bonds to their respective call dates and to pay the redemption prices of the Refunded Bonds on those call dates. Those computations will be relied on by Squire Patton Boggs (US) LLP, as Bond Counsel, to support its opinions with respect to the Refunded Bonds.

### **EXPERTS**

The Commission has retained Jacobs Engineering Group Inc. as traffic consultant to assist the Commission with traffic and revenue projections. Jacobs Engineering Group prepared the Traffic and Toll Revenue Forecast dated August 25, 2017 included herein as EXHIBIT D. Jacobs Engineering Group has reviewed the excerpts therefrom under the caption “PROJECTED OPERATING RESULTS AND DEBT SERVICE COVERAGE” and “LONG-TERM PRO-FORMA COVERAGE” above. The 10 year projections in the Capital Improvement Program were prepared in consultation with AECOM Technical Services, Inc. who is currently acting as General Engineering Consultants for the Commission. The financial statements of the Commission for the fiscal year ended December 31, 2016 included in Exhibit C of this Official Statement have been audited by Plante & Moran, PLLC, independent auditors, as stated in their report appearing in Exhibit C.

## **CONTINUING DISCLOSURE**

The Commission has executed a Continuing Disclosure Commitment dated May 1, 1996, as amended by the First Amendment to Continuing Disclosure Commitment dated February 23, 2006 and the Second Amendment to Continuing Disclosure Commitment dated November 18, 2010 (collectively, the “Continuing Disclosure Commitment”) to provide certain financial and operating information (the “Annual Report”) not later than July 1 following the end of the preceding fiscal year, and to provide notices of certain events, if material, enumerated in Rule 15c2-12 promulgated by the Securities and Exchange Commission (“SEC”). Specifically, the Commission agrees to provide the Annual Report to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access System (“EMMA”) and to provide notice of the occurrence of the enumerated events to EMMA, all pursuant to Rule 15c2-12, as amended from time to time.

The Annual Report will consist generally of the Comprehensive Annual Financial Report of the Commission and the current operating data regarding the Turnpike System contained in the sections of this Official Statement relating to Tolls, including the Schedule of Tolls, Statistical Traffic Information and Summary of Gross Revenues and Cost of Operation, Maintenance and Administration. Any of the forgoing information may be supplied by including any specific reference information previously supplied to the MSRB or to the SEC. Information will not be included by reference from any final official statement unless such final official statement is available from the MSRB.

The Continuing Disclosure Commitment was executed by the Commission to assist the Underwriters in complying with Rule 15c2-12. The Commission has agreed to give notice in a timely manner to the MSRB of any failure to supply the information required to be provided in the Continuing Disclosure Commitment; however, any such failure will not constitute a default under the terms of the 2017 Bonds.

The Commission has made all filings and notices required under the Continuing Disclosure Commitment. During the last five fiscal years, one of those filings, the annual information for the fiscal year ending December 31, 2012, was made eight days after its filing deadline under the Commission’s Continuing Disclosure Commitment. Procedures have been put in place to ensure that all subsequent filings are made and notices are given in a timely manner.

The Commission has reserved the right to amend the Continuing Disclosure Commitment, and to obtain a waiver of noncompliance with any provision of the Continuing Disclosure Commitment, as may be necessary or appropriate to achieve its compliance with any applicable federal securities law or rules, to cure any ambiguity, inconsistency or formal defect or omission, and to address any change in circumstances arising from a change in legal requirements, change in law, or changes in the identity, nature, or status of the Commission. Any such amendment or waiver will not be effective unless the Continuing Disclosure Commitment (as amended or taking into account such waiver) would have complied with the requirements of the Rule at the time of the primary offering of the 2017 Bonds, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the Commission and the Trustee shall have received a written opinion of qualified independent counsel selected by the Commission that the amendment or waiver would not materially impair the interest of Holders or Beneficial Owners of the 2017 Bonds.

## **TAX MATTERS**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the 2017 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the



2017 Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the 2017 Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Bond Counsel expresses no opinion as to any other tax consequences regarding the 2017 Bonds.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the Commission contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the 2017 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the Commission's certifications and representations or the continuing compliance with the Commission's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the 2017 Bonds from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service ("IRS") or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the Commission may cause loss of such status and result in the interest on the 2017 Bonds being included in gross income for federal income tax purposes retroactively to the date of issuance of the 2017 Bonds. The Commission has covenanted to take the actions required of it for the interest on the 2017 Bonds to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. After the date of issuance of the 2017 Bonds, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel's attention, may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2017 Bonds or the market value of the 2017 Bonds.

Interest on the Bonds is included in the calculation of a corporation's adjusted current earnings for purposes of, and thus may be subject to, the federal corporate alternative minimum tax. In addition, interest on the 2017 Bonds may be subject to a federal branch profits tax imposed on certain foreign corporations doing business in the United States and to a federal tax imposed on excess net passive income of certain S corporations. Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the 2017 Bonds. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the 2017 Bonds, are generally subject to IRS Form 1099-INT information reporting requirements. If a 2017 Bond owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding.

Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel's engagement with respect to the 2017 Bonds ends with the issuance of the 2017 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the Commission or the owners of the 2017 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the 2017 Bonds, under current IRS procedures, the IRS will treat the Commission as the taxpayer and the beneficial owners of the 2017 Bonds will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the 2017 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the 2017 Bonds.

Prospective purchasers of the 2017 Bonds upon their original issuance at prices other than the respective prices indicated on the cover of this Official Statement, and prospective purchasers of the 2017 Bonds at other than their original issuance, should consult their own tax advisers regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the 2017 Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the 2017 Bonds will not have an adverse effect on the tax status of interest or other income on the 2017 Bonds or the market value or marketability of the 2017 Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the 2017 Bonds from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, recent proposals would eliminate, reduce or otherwise alter the tax benefits currently provided to certain owners of state and local government bonds, including proposals that would result in additional federal income tax on taxpayers that own tax-exempt obligations if their incomes exceed certain thresholds. Investors in the 2017 Bonds should be aware that any such future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the 2017 Bonds for federal income tax purposes for all or certain taxpayers. In such event, the market value of the 2017 Bonds may be adversely affected and the ability of holders to sell their 2017 Bonds in the secondary market may be reduced. The 2017 Bonds are not subject to special mandatory redemption, and the interest rates on the 2017 Bonds are not subject to adjustment in the event of any such change.

Investors should consult their own financial and tax advisers to analyze the importance of these risks.

### **Original Issue Premium**

Certain of the 2017 Bonds ("Premium Bonds") were offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on

the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

***Owners of Premium Bonds should consult their own tax advisers as to the determination for federal income tax purposes of the amount of bond premium properly amortizable in any period with respect to the Premium Bonds and as to other federal tax consequences and the treatment of bond premium for purposes of state and local taxes on, or based on, income.***

### CONCLUDING STATEMENT

Quotations in this Official Statement from, and summaries and explanations of the Code, the Ohio Revised Code, the Senior Lien Trust Agreement, the Junior Lien Trust Agreement and the Continuing Disclosure Commitment, do not purport to be complete. Reference is made to the pertinent provisions of the Code, the Ohio Revised Code and those documents for complete statements of their provisions. Copies of the Senior Lien Trust Agreement, the Junior Lien Trust Agreement and the Continuing Disclosure Commitment are available upon request from the Comptroller of the Commission, 682 Prospect Street, Berea, Ohio 44017, telephone (440) 234-2081.

To the extent that any statement made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty, and no representation is made that any such statements will be realized. Information in this Official Statement has been derived by the Commission from official and other sources and is believed by the Commission to be reliable, but information other than that obtained from official records of the Commission has not been independently confirmed or verified by the Commission and its accuracy is not guaranteed.

Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent holders of the 2017 Bonds or the owners of any interest therein.

This Official Statement has been duly prepared and delivered by the Commission, and executed for and on behalf of the Commission by its Executive Director.

**OHIO TURNPIKE AND INFRASTRUCTURE  
COMMISSION**

September 13, 2017

*/s/ Randy Cole*  
Randy Cole, Executive Director

## EXHIBIT A

### GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT

#### GLOSSARY OF TERMS

The following terms shall have the following meanings in this Official Statement unless the context otherwise requires:

“Act” shall mean Chapter 5537 of the Ohio Revised Code, as amended and supplemented from time to time.

“Additional System Payments” shall constitute a “Special Fund” under Section 5537.01(Q) of the Ohio Revised Code, as amended from time to time, and shall specifically mean:

(1) payments payable to the Commission pursuant to any agreement or arrangement between the Commission and the United States of America, any state, county, municipality, political subdivision, public body or other governmental entity, or under any law, statute, ordinance, resolution or other authorizing instrument of such an entity, which payments by their terms are available and expressly pledged by the Commission for the payment of debt service on all Bonds issued and Outstanding under the Trust Agreement for so long as any Bonds are Outstanding or until such earlier time as all conditions for the release of such payments provided in the applicable Supplemental Trust Agreement are met;

(2) Additional System Payments shall not include Series Payments, Supplemental Payments, payments that constitute Gross Revenues, or payments pursuant to a Bond Credit Facility or a Qualified Swap Agreement;

(3) payments described in paragraph (1) above shall not constitute Additional System Payments in any Fiscal Year unless:

(a) the source of such payment is a sales tax, gas or fuel tax, franchise fee, ad valorem tax, real estate tax, utility or other public service tax, excise tax, income tax or use tax; or

(b) for each Series of Bonds, amounts derived from sources described in paragraph (1) above allocable to such Series of Bonds pro rata on the basis of Annual Debt Service for such Fiscal Year, together with the Series Payments for such Series of Bonds (other than those described in paragraph (3)(a) of the definition of Series Payments), do not constitute in excess of twenty percent (20%) of Annual Debt Service.

“Additional System Payments Account” shall mean the account of that name in the Revenue Fund.

“Ambac” means Ambac Assurance Corporation, a Wisconsin domiciled stock insurance company, or any successor thereto.

“Annual Budget” shall mean the budget required, pursuant to the Trust Agreement, to be adopted by the Commission each Fiscal Year, as such budget may be amended from time to time.

“Annual Debt Service” shall mean the regularly scheduled principal and interest payments coming due on the Bonds Outstanding in each Fiscal Year, whether at maturity or pursuant to mandatory sinking fund redemption, provided, however, that amounts due on January 1 of any year shall be included in the

Annual Debt Service for the preceding Fiscal Year. The assumptions set forth in paragraphs (4), (5), (6), (7) and (8) of the definition of Annual Debt Service Requirement shall be applied in calculating Annual Debt Service.

“Annual Debt Service Requirement” shall mean:

(1) at any time, the sum of the amounts required to be deposited in the applicable Fiscal Year into the:

- (a) Interest Account,
- (b) Principal Account, and
- (c) Bond Redemption Account,

in accordance with the Trust Agreement;

(2) in determining the amount of such required deposits, a credit shall be allowed for amounts already on deposit in any of the foregoing accounts, including, without limitation,

- (a) interest earnings on the:
  - (i) Interest Account,
  - (ii) Principal Account,
  - (iii) Bond Redemption Account, and
  - (iv) Debt Service Reserve Account;

(b) capitalized interest; and

(c) deposits of Series Payments, but only with respect to debt service payments for the Series of Bonds secured by Series Payments, such credit not to exceed the total amounts at any time required to be deposited into the accounts set forth in paragraph (1) above, after taking into consideration the credits provided for in paragraph (2) (a) and (b) above;

(3) for purposes of calculating the requirements for the collection of Tolls (see “EXHIBIT A - GLOSSARY OF TERMS and SUMMARY OF THE TRUST AGREEMENT - Tolls”), and the requirements for the issuance of Bonds (see “EXHIBIT A - GLOSSARY OF TERMS and SUMMARY OF THE TRUST AGREEMENT - Issuance of Bonds”):

(a) the amount of interest earnings on the accounts as provided in paragraph 2(a) above for the applicable Fiscal Year shall be calculated using the lower of (i) the current interest rate in effect for such investments, or (ii) the average interest rate in effect for such investments during any 12 consecutive calendar months of the 15 consecutive calendar months immediately preceding the date of calculation; and

(b) the amount of credit allowed in paragraph (2)(c) above for Series Payments for the applicable Fiscal Year for each Series of Bonds secured by Series Payments shall not exceed 100% of the Series Payments expected to be available for deposit into the accounts set forth in paragraph (1) above, as determined by the Supplemental Trust Agreement

providing for the payment of such Series Payments, or to the extent the Series Payments are not determined by the Supplemental Trust Agreement, the amount that would have been available for such deposits, as estimated by an Independent Consultant, had such Series Payments been in effect for the immediately preceding Fiscal Year;

(4) except for purposes of calculating the requirements for the issuance of Bonds, unless the interest rate for a Series of Variable Rate Bonds is fixed for the duration of the applicable Fiscal Year(s), in which case the actual rate shall be used, the interest rate on such Series of Variable Rate Bonds Outstanding shall be assumed to be a rate equal to 100% of the 30 Year Bond Buyer Revenue Bond Index, and with respect to a Series of Variable Rate Bonds which are Taxable Bonds, the interest rate shall be assumed to be a rate equal to 115% of the 30 Year Bond Buyer Revenue Bond Index;

(5) for purposes of calculating the requirements for the issuance of Bonds, the Annual Debt Service Requirement shall be calculated with respect to a Series of Variable Rate Bonds assuming the interest rate equals the maximum rate payable thereon in accordance with the applicable Supplemental Trust Agreement;

(6) for purposes of calculating the requirements for the issuance of Bonds, the Annual Debt Service Requirement with respect to a Series of Notes shall be calculated assuming that the interest rate equals 100% of the 30 Year Bond Buyer Revenue Bond Index and assuming substantially level debt service payments in each year over the maximum number of years (not exceeding 30 years) over which the principal of the Notes may be paid as determined by the Commission;

(7) if a Series of Variable Rate Bonds is subject to purchase by the Commission pursuant to a mandatory or optional tender by the owner thereof, the “tender” date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of calculating the Annual Debt Service Requirement with respect to such Bonds. If, with respect to any Series of Bonds, the Commission enters into a Qualified Swap Agreement, providing for payments to the Commission which are associated with the payment of interest on such Bonds, in an amount equal to interest on a notional amount equal to the aggregate principal amount of such Bonds Outstanding, based upon a fixed rate, or a variable index or formula different from that used to calculate interest on such Bonds, and if payments under such Qualified Swap Agreement will continue until the final maturity of such Bonds, then the effective rate of interest to the Commission with respect to such Bonds taking into account (a) the actual interest rate borne by such Bonds, (b) payments to be received by the Commission pursuant to such agreement and (c) payment obligations of the Commission to such counterparty pursuant to such agreement, all based upon interest on such notional amount as determined by reference to a fixed rate or variable index or formula, shall be used for purposes of calculating the Annual Debt Service Requirement with respect to such Bonds; and

(8) if two Series of Variable Rate Bonds, or one or more maturities within a Series, of equal par amounts, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds taken as a whole, such composite fixed rate shall be used in determining the Annual Debt Service Requirement with respect to such Bonds.

“Authenticating Agent” shall mean the Trustee and the Registrar for the Series of Bonds and any bank, trust company or other entity designated as an Authenticating Agent for such Series of Bonds by or in accordance with the Trust Agreement, each of which shall be a transfer agent registered in accordance with Section 17(c) of the Securities Exchange Act of 1934, as amended.

“Authorized Officer of the Commission” shall mean the Executive Director, the Chairman, the Vice Chairman, the Secretary-Treasurer, or any other officer or employee of the Commission, authorized by resolution duly adopted by the Commission to perform specific acts or duties.

“Bond” or “Bonds” shall mean all Bonds issued and outstanding under the Existing Master Trust Agreement and the bonds or notes issued under the provisions and within the limitations of the Trust Agreement, payable from the System Pledged Revenues, which Bonds shall be pari passu with all Bonds issued pursuant to the Trust Agreement. Except as expressly provided in the Trust Agreement, “Bonds” shall include Notes.

“Bond Credit Facility” shall mean a Bond Insurance Policy or a Bond Letter of Credit.

“Bond Insurance Policy” shall mean an insurance policy issued for the benefit of the Holders of any Bonds, pursuant to which the issuer of such insurance policy is obligated to pay when due the principal of and interest on such Bonds to the extent of any deficiency in the amounts in the funds and accounts held under the Trust Agreement, in the manner and in accordance with the terms provided in such insurance policy. The issuer of such insurance policy shall be an institution whose insurance policy results in the Bonds which are secured by such insurance policy being rated in one of the two highest rating categories by each Rating Agency which has a rating outstanding on such Bonds.

“Bond Letter of Credit” shall mean an irrevocable, transferable letter of credit issued for the benefit of the Holders of any Bonds, pursuant to which the issuer of such letter of credit is obligated to pay when due the principal of and interest on such Bonds to the extent of any deficiency in the amounts in the funds and accounts held under the Trust Agreement, in the manner and in accordance with the terms provided in such letter of credit. The issuer of such letter of credit shall be a banking association, bank or trust company or branch thereof whose letter of credit results in the Bonds which are secured by such letter of credit being rated in one of the two highest rating categories by each Rating Agency which has a rating outstanding on such Bonds.

“Bond Redemption Account” shall mean the account of that name in the Debt Service Fund created in the Trust Agreement.

“Bond Register” shall mean the books kept by the Registrar for the registration of the Bonds.

“Capital Appreciation Bonds” or “CABs” shall mean Bonds the interest on which is compounded periodically and is payable only at maturity or upon redemption prior to maturity.

“Capital Appreciation and Income Bonds” shall mean Bonds the interest on which is not paid prior to a specified Interest Commencement Date and is compounded periodically on certain designated dates prior to the Interest Commencement Date.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and applicable temporary, proposed or permanent regulations promulgated thereunder.

“Commission” shall mean the Ohio Turnpike and Infrastructure Commission as created and established by the Act.

“Composite Annual Debt Service Requirement” shall mean in each Fiscal Year the sum of the Annual Debt Service Requirement and the annual debt service requirement with respect to Junior Lien Bonds issued under the Junior Lien Bond Master Trust Agreement.



“Consulting Engineers” shall mean the engineer or engineering firm or corporation retained by the Commission to perform the acts and carry out the duties provided for such Consulting Engineers in the Trust Agreement.

“Cost of Issuance” shall mean all charges, costs and expenses of the Commission incurred in connection with the authorization, issuance, sale and delivery of the Bonds including, but not limited to, legal fees, accounting fees, financial advisory fees, Bond Credit Facility premiums, fiscal or escrow agent fees, printing fees, travel expenses and Rating Agency fees.

“Cost of Operation, Maintenance and Administration” shall mean all costs and expenses paid from the Expense Fund which are the obligation of the Commission in keeping the System open to public travel or attributable to the System and includes, without limitation, reasonable expenses of administration of the Commission, costs of collecting and accounting for Tolls, insurance, employee bond premiums, fees of the Consulting Engineers, Independent Consultant, accountants and legal fees, and, with respect to Toll facilities, all other expenses which would not be incurred if such facilities were being operated as free facilities. Cost of Operation, Maintenance and Administration does not include costs with respect to Non-System Projects, depreciation expense or any amounts paid from the Renewal and Replacement Fund, System Projects Fund or from any source other than Gross Revenues.

“Debt Service Fund” shall mean the fund of that name created in the Trust Agreement.

“Debt Service Reserve Account” shall mean the account of that name in the Debt Service Fund created in the Trust Agreement.

“Debt Service Reserve Requirement” shall mean the lower of (1) the Maximum Annual Debt Service Requirement, without credit for Series Payments otherwise permitted by paragraphs (2)(c) and (3)(b) of the definition of Annual Debt Service Requirement, or (2) the maximum amount permitted by the Code to be funded from Bond proceeds without requiring yield restriction.

“Defeasance Obligation” shall mean to the extent permitted by law:

(a) Direct obligations of or obligations which are unconditionally guaranteed by the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America and including advance refunded tax-exempt bonds secured by direct obligations of the United States of America or obligations unconditionally guaranteed by the United States of America which are rated in the highest rating category by a Rating Agency currently rating the Bonds (without regard to gradations such as (+) or (-) or other similar notation);

(b) Evidences of indebtedness issued by the Bank for Cooperatives, Federal Home Loan Banks, Federal Home Loan Mortgage Corporation (including participate certificates), Federal Land Banks, Federal Financing Banks, or any other agency or instrumentality of the United States of America created by an act of Congress which is substantially similar to the foregoing in its legal relationship to the United States of America; provided that the obligations of such agency or instrumentality are unconditionally guaranteed by the United States of America;

(c) Evidences of ownership of proportionate interests in future interest and principal payments on specified obligations described in paragraph (a) above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations described in paragraph (a) above, such as CATS, TIGRS and STRIPS, and which underlying obligations are not

available to satisfy any claim of the custodian or any person claiming through the custodian or to whom the custodian may be obligated; or

(d) stripped interest obligations of the Resolution Funding Corporation.

All obligations shall be non-callable prior to their stated maturity or redemption date.

“Event of Default” shall have the meaning ascribed thereto under the caption “THE TRUST AGREEMENT - Events of Default and Remedies.”

“Expense Fund” shall mean the fund of that name created in the Trust Agreement.

“Expense Reserve Account” shall mean the account of that name in the Expense Fund created in the Trust Agreement.

“FGIC” means Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto.

“Financial Institutions” shall mean the financial institution or institutions providing a Bond Credit Facility in connection with one or more Series of Bonds then Outstanding.

“Financial Security” means Financial Security Assurance Inc., a New York stock insurance company, or any successor thereto.

“Fiscal Year” shall mean the period commencing with January 1 of each year and ending with December 31 of that same year or such other twelve (12) consecutive month period designated by the Commission.

“General Reserve Fund” shall mean the fund of that name created in the Trust Agreement.

“Gross Revenue Account” shall mean the account of that name created in the Trust Agreement.

“Gross Revenues” shall mean (1) all Tolls, (2) investment income received on any amounts held in the Revenue Fund, the General Reserve Fund, the System Projects Fund, the Expense Fund and the Renewal and Replacement Fund, (3) the proceeds of any use and occupancy insurance on any portion of the System, (4) moneys received from the Ohio Department of Transportation and designated by the Commission for use as System Pledged Revenues and (5) commencing January 1, 2004, all concession revenues derived from the operation of the service plazas (other than funds contractually committed to the Service Plaza Capital Improvements Reserve and other than any allocation of the State Fuel Tax revenues) and all revenues derived from leases, licenses, royalties, advertising and miscellaneous sales, fees and charges together with all investment earnings thereon. “Gross Revenues” shall not include Supplemental Payments, Series Payments, Additional System Payments, revenues derived from the operation of Non-System Projects, amounts received pursuant to a Bond Credit Facility, amounts received pursuant to a Qualified Swap Agreement, or the proceeds of any gifts, grants, or other payments to the Commission from the United States of America, any state or any public or private instrumentality, individual or entity that are not in the nature of a Toll.

“Holder of Bonds” or “Bondholder” or “Holders” or any similar term shall mean any person who shall be the owner of any Bond or Bonds as shown on the Bond Register.

“Independent Consultant” shall mean an independent licensed professional engineer (or firm of independent licensed professional engineers) of recognized national standing in the field of estimating and projecting traffic on, or revenues of, toll facilities which engineer has been selected by the Commission.

Said engineer (or firm of engineers) may be retained by the Commission for other purposes. In connection with matters not related to traffic and revenue projection of tolled facilities, the Commission may select members of another professional discipline to deliver any Independent Consultant's certificate required by the terms of the Trust Agreement, provided further that any members of such discipline thereafter selected by the Commission shall be independent and shall be of recognized national standing in such discipline.

"Interest Account" shall mean the account of that name in the Debt Service Fund created in the Trust Agreement.

"Interest Commencement Date" shall mean, with respect to any particular Capital Appreciation and Income Bonds, the date specified in the Supplemental Trust Agreement providing for the issuance of such Capital Appreciation and Income Bonds (which date must be prior to the maturity date for such Capital Appreciation and Income Bonds) after which interest accruing on such Capital Appreciation and Income Bonds shall be payable periodically, with the first payment date being the applicable Interest Payment Date immediately succeeding such Interest Commencement Date.

"Interest Payment Date" shall mean for each Series of Bonds such dates of each Fiscal Year on which interest on Outstanding Bonds of such Series is payable, as set forth in the Supplemental Trust Agreement providing for the issuance of such Series of Bonds.

"Junior Lien Master Trust Agreement" shall mean the Junior Lien Master Trust Agreement dated as of August 1, 2013 between the Commission and the Junior Lien Trustee.

"Junior Lien Bonds" shall mean bonds of the Commission issued pursuant to the Junior Lien Bond Master Trust Agreement and which are subordinate to the Bonds.

"Junior Lien Trustee" shall mean the Trustee at the time serving under the Junior Lien Master Trust Agreement, initially The Huntington National Bank, Columbus, Ohio, and any successor Junior Lien Trustee as determined under or pursuant to the Junior Lien Master Trust Agreement.

"Major Bridge" shall mean any one or all of the following bridges: the Cuyahoga River bridge, the Huron River bridge, the Sandusky River bridge, the Maumee River bridge, the CSX Railroad bridge, the Norfolk Southern Railroad bridge, Vermillion River bridge, and Tinkers Creek bridge.

"Master Trust Agreement" shall mean the Master Trust Agreement, dated as of February 15, 1994, between the Commission and the Trustee, as amended by the First through Seventeenth Supplemental Trust Agreements, and as amended and restated by the Amended and Restated Master Trust Agreement (Eighteenth Supplemental Trust Agreement), dated as of April 8, 2013, between the Commission and the Trustee, as further amended from time to time.

"Maximum Annual Debt Service Requirement" shall mean, at any time, the highest Annual Debt Service Requirement occurring in the current or any succeeding Fiscal Year.

"Net Revenues" shall mean the amount remaining after the deduction from Gross Revenues of the required deposits to the Expense Fund.

"Non-System Project" shall mean any transportation-related project authorized by the Act and designated as a Non-System Project by a resolution of the Commission. Non-System Projects shall not be part of the System, unless designated as such pursuant to the Master Trust Agreement.

"Non-System Project Operating Expenses" means the expenses incurred by the Commission for operation, maintenance and repair, ordinary replacement and ordinary reconstruction of a Non-System Project or any part thereof and shall include, without limiting the generality of the foregoing, administrative

expenses, premiums and reserves for insurance and self-insurance, fees or premiums for a Bond Credit Facility, Reserve Credit Facility, legal and engineering expenses, payments into pension, retirement, health and hospitalization funds, and any other expenses required to be paid by the Commission in connection with the operation of such Non-System Project, all to the extent properly and directly attributable to the operation of such Non-System Project, and rental payments in connection with operating leases entered in the ordinary course of business, all to the extent properly and directly attributable to a Non-System Project, and the expenses and compensation of the fiduciaries required to be paid under agreements applicable to such Non-System Projects, but does not include (1) any costs or expenses for new construction or for major reconstruction or (2) any provision for interest, depreciation, amortization or similar charges.

“Notes” means notes issued by the Commission in anticipation of the issuance of Bonds pursuant to the Act, or to pay costs of refunding or retiring Notes or Bonds previously issued pursuant to the Act, which Notes shall be on a parity with the Bonds.

“Operation, Maintenance and Administrative Expenses Account” shall mean the account of that name in the Expense Fund.

“Outstanding” or “outstanding” when used with reference to the Bonds, shall mean, as of any date of determination, all Bonds theretofore authenticated and delivered except:

- (1) Bonds theretofore cancelled by the Registrar or delivered to the Registrar for cancellation;
- (2) Bonds which are deemed paid in accordance with Article IX of the Trust Agreement;
- (3) Bonds in lieu of which other Bonds have been issued pursuant to the provisions of the Trust Agreement relating to Bonds destroyed, stolen or lost, unless evidence satisfactory to the Registrar has been received that any such Bond is held by a bond fide purchaser; and
- (4) for purposes of any consent or other action to be taken under the Trust Agreement by the Holders of a specified percentage of principal amount of Bonds, Bonds held by or for the account of the Commission.

“Paying Agent” shall mean the Trustee or, with respect to any Series of Bonds, the paying agent designated by the Supplemental Trust Agreement authorizing the issuance of such Series of Bonds, or any successor thereto.

“Permitted Investments”, unless varied by the terms of a Supplemental Trust Agreement as to a particular Series of Bonds, (i) shall mean any investments in which the Commission is authorized to invest pursuant to the laws of the State, and (ii) with respect to moneys held by the Trustee, shall mean any of the following securities:

- (a) Defeasance Obligations;
- (b) obligations issued by any agency of the United States of America, including, without limitation, the Government National Mortgage Association, or by any instrumentality of the United States of America, including, without limitation, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation;
- (c) general obligations of any state of the United States of America, including the State, or any political subdivision of a state; provided that such general obligations carry one of the two highest ratings of one of the Rating Agencies;

(d) certificates of deposit or bankers acceptances, whether negotiable or nonnegotiable, issued by a bank, trust company or savings association organized under the laws of any state of the United States of America or any national banking association (including the Trustee), which institution has a combined capital and surplus of at least \$100,000,000 in dollars of the United States of America, provided, that such certificates of deposit or bankers acceptances do not exceed in the aggregate ten percent (10%) of the combined capital, surplus and undivided profits of the institution issuing the same and provided further that such certificates of deposit or bankers acceptances shall be in the possession of the Trustee or its agents and shall be either (A) continuously and fully insured by the Federal Deposit Insurance Corporation, or (B) continuously and fully secured by such securities as are described in clauses (a) through (c), inclusive, above (“Pledged Securities”) which shall have a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit or bankers acceptances, and that the institution issuing each such certificate of deposit or banker’s acceptance required to be so secured shall furnish the Trustee with a covenant satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit or banker’s acceptance will at all times be an amount at least equal to the principal amount of each such certificate of deposit or banker’s acceptance and that the Trustee shall be entitled to rely on each such covenant;

(e) any repurchase agreement with an institution described in clause (d) above, which repurchase agreement is fully collateralized at all times by Pledged Securities based upon the market value of such obligations;

(f) any money market fund invested solely in obligations described in clauses (a), (b) or (c) above or invested in repurchase agreements fully collateralized by obligations described in clauses (a) or (b) above;

(g) the investment pool created and administered by the Treasurer of the State of Ohio under Section 135.45 of the Ohio Revised Code; and

(h) investment agreements with institutions whose long-term unsecured debt is rated in one of the two highest rating categories of one of the Rating Agencies;

provided that for purposes of clauses (d) and (e) above the respective Pledged Securities shall be in the possession of the Trustee or its agent and shall be free and clear of all liens or rights of any third party, and in which obligations the Trustee shall have a first perfected security interest.

“Principal Account” shall mean the account of that name in the Debt Service Fund created in the Trust Agreement.

“Project” shall mean any System Project or Non-System Project.

“Project Cost” with respect to any Project, shall mean (1) the costs incurred or to be incurred by the Commission in connection with or incidental to the acquisition, design, construction, improvement, reconstruction or rehabilitation of such Project, including legal, administrative, engineering, planning, design studies, insurance costs and financing costs of such Project, (except to the extent such costs are funded from the proceeds of any indebtedness of the Commission, the payment of which is included as a Project Cost under clause (3) below), (2) amounts, if any, required by the Trust Agreement to be paid into any fund or account upon the issuance of any Series of Bonds, (3) payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on Notes, (4) costs of equipment, supplies and reserves required by the Commission for the commencement of operation of such Project, (5) costs of acquisition by the Commission of real or personal property or any interest therein, including land and improvements required for relocation and relocation costs and land required for right of way,

environmental mitigation or other Commission purposes, (6) any other costs properly attributable to the acquisition, design, construction, improvement, reconstruction or rehabilitation of such Project as permitted by Section 5537.01(B) of the Ohio Revised Code, as amended from time to time, and (7) interest on Bonds during the estimated period of construction and for a reasonable period thereafter.

“Qualified Swap Agreement” shall mean an agreement between the Commission and a counterparty creating Qualified Swap Payments.

“Qualified Swap Payments” shall mean a payment required to be made pursuant to a Qualified Swap Agreement, such as an interest rate swap, collar, cap or other functionally similar agreement, such payment being equal to interest on a notional amount, based upon a fixed rate or a variable index or formula, provided that the long-term unsecured debt of such counterparty, or the entity that has unconditionally guaranteed such counterparty’s obligations is at the time rated in one of the two highest rating categories (without regard to gradations such as pluses (+) or minuses (-) or other similar notations) by each Rating Agency then maintaining a rating on the Series of Bonds to which such agreement pertains; or, the payment obligations of the counterparty, or the entity that has unconditionally guaranteed such counterparty’s obligations, are rated in one of the three (3) highest rating categories (without regard to gradations) and are collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, that (a) are deposited with the Commission or an agent of the Commission; and (b) maintain a market value of not less than one hundred five percent (105%) of the net market value of the payment agreement to the Commission, as such net market value may be defined and determined from time to time under the terms of the payment agreement.

“Rating Agency” shall mean Moody’s Investors Service, or S&P Global Ratings, or Fitch Ratings, and their successors, or any other nationally recognized bond rating agency.

“Rebate Account” shall mean an account of that name in the Rebate Fund established for a Series of Bonds into which the funds constituting the Rebate Amount shall be deposited; each such account shall be termed the “[Series of Bonds] Rebate Account.”

“Rebate Amount” shall mean a rebate amount required to be paid by the Commission to the United States of America pursuant to the Code.

“Rebate Fund” shall mean the fund of that name created in the Trust Agreement.

“Registrar” shall mean, with respect to any Series of Bonds, the Trustee or registrar designated by the Supplemental Trust Agreement with respect to such Series of Bonds, or any successor thereto.

“Renewal and Replacement Fund” shall mean the fund of that name created in the Trust Agreement.

“Renewal and Replacement Requirement” shall mean the amount, if any, for the then current Fiscal Year in the Annual Budget.

“Reserve Account Credit Facility” shall mean a Reserve Account Insurance Policy or a Reserve Account Letter of Credit.

“Reserve Account Credit Facility Rating Requirement” shall mean, for purposes of Section 12.03, the requirement that the provider of a Reserve Account Credit Facility be rated in one of the two highest rating categories (without giving effect to modifiers or qualifiers within a rating category) by at least two Rating Agencies.

“Reserve Account Insurance Policy” shall mean an insurance policy, surety bond or other acceptable evidence of insurance deposited in the Debt Service Reserve Account in lieu of or in partial substitution for

cash or securities required to be deposited therein. The issuer providing such Reserve Account Insurance Policy shall be an insurer which has been assigned one of the two highest ratings by any Rating Agency which has a rating outstanding on the Bonds.

“Reserve Account Letter of Credit” shall mean an irrevocable, transferable letter of credit deposited in the Debt Service Reserve Account in lieu of or in partial substitution for cash or securities on deposit therein. The issuer providing such letter of credit shall be a banking association, bank or trust company or branch thereof whose letter of credit results in the Bonds which are secured by such letter of credit being rated in one of the two highest rating categories by each Rating Agency which has a rating outstanding on such Bonds.

“Revenue Fund” shall mean the fund of that name created in the Trust Agreement (the full name of this fund is the “General Revenue Fund”).

“Series” shall mean such Bonds designated as a separate Series of Bonds in accordance with a Supplemental Trust Agreement.

“Series Payments” shall mean (1) payments which are:

(a) payable to the Commission pursuant to any agreement between the Commission and any private, nongovernmental corporation, organization, association, individual or other entity, which payments by their terms automatically recur without approval that is discretionary to the entity providing such payments for so long as any Bonds secured thereby are Outstanding or until such earlier time as all conditions for the release of such payments, if any, provided in the applicable Supplemental Trust Agreement are met, or

(b) payable to the Commission pursuant to any agreement between the Commission and the United States of America, any state, county, municipality, political subdivision, public body or other governmental entity, or under any law, statute, ordinance, resolution or other authorizing instrument of such an entity, providing such payments for so long as any Bonds secured thereby are Outstanding or until such earlier time as all conditions for the release of such payments, if any, provided in the applicable Supplemental Trust Agreement are met; and

in each case above, available and expressly pledged by the Commission for the payment of debt service on one or more, but less than all, Series of Bonds issued and Outstanding under the Trust Agreement;

(2) Series Payments shall not include Supplemental Payments or payments pursuant to a Bond Credit Facility or a Qualified Swap Agreement;

(3) payments described in paragraph (1) above shall not constitute Series Payments in any Fiscal Year unless:

(a) the source of such payments is a sales tax, gas or fuel tax, franchise fee, ad valorem tax, real estate tax, utility or other public service tax, excise tax, income tax or use tax; or

(b) amounts derived from sources described in paragraph (1) above together with the Additional System Payments (other than those described in paragraph (3)(a) of the definition of Additional System Payments) allocable to such Series of Bonds pro rata on the

basis of Annual Debt Service for such Fiscal Year do not constitute in excess of twenty percent (20%) of Annual Debt Service.

“Series Payments Fund” shall mean the fund of that name created in the Trust Agreement.

“State” shall mean the State of Ohio.

“Supplemental Authorizing Resolution” shall mean, as to any Series of Bonds, the resolution or resolutions authorizing and providing for the sale and issuance of such Series of Bonds.

“Supplemental Payments” shall mean:

(1) payments payable to the Commission pursuant to any agreement between the Commission and any private or governmental entity, or under any law, statute, ordinance, resolution or other authorizing instrument of such an entity, which payments are available and expressly pledged by the Commission for the payment of debt service with respect to one or more Series, or all Series, of Bonds Outstanding hereunder, but which are restricted to use only in the event System Pledged Revenues or, if applicable, Series Payments, are insufficient to make payments required hereunder with respect to such Series of Bonds. Such payments must:

(a) by their terms automatically recur without appropriation, approval or similar action that is discretionary to the entity providing such payments for so long as any Bonds secured thereby are Outstanding or until such earlier time as all conditions for the release of such payments, if any, provided in the applicable Supplemental Trust Agreement are met; and

(b) be available and expressly pledged by the Commission for the payment of debt Service on one or more Series of Bonds issued and Outstanding under the Trust Agreement.

(2) Supplemental Payments shall not include Series Payments or payments pursuant to a Bond Credit Facility or a Qualified Swap Agreement.

“Supplemental Payments Fund” shall mean the fund of that name created in the Trust Agreement.

“Supplemental Trust Agreement” shall mean one or more Supplemental Trust Agreements, as the same may be amended and supplemented from time to time, authorized by Supplemental Authorizing Resolutions.

“System” shall mean (a) the highway extending approximately 241 miles across the State from a point on the Ohio-Pennsylvania line near Petersburg, Ohio (being also the western terminus of the Pennsylvania Turnpike), in a northwesterly and westerly direction to a point on the Ohio-Indiana line in Williams County, Ohio (being the easterly terminus of the Indiana Toll Road), under the operating jurisdiction of the Commission, and popularly called “the Ohio Turnpike”, and including all bridges, tunnels, overpasses, underpasses, interchanges, entrance plazas, approaches, toll facilities, service facilities, administration, and storage and other buildings and facilities necessary for the operation or utilization thereof, all with such modifications or alterations thereof as permitted by the Act and the Trust Agreement, and all property, rights, easements and interests owned or acquired for the operation or utilization thereof or for use in connection therewith, as well as those additions, extensions and improvements thereto as contemplated by the Trust Agreement or the Junior Lien Bond Master Trust Agreement, and (b) System Projects.

“System Pledged Revenues” shall mean Net Revenues plus Additional System Payments.



“System Project” shall mean any project authorized by the Act as of February 15, 1994 and designated as a System Project by official action of the Commission.

“System Projects Fund” shall mean the fund of that name created in the Trust Agreement.

“Taxable Bonds” shall mean Bonds issued on the basis that the interest thereon shall not, in any manner, be exempt from federal income taxation or excludible from gross income for federal income tax purposes.

“30 Year Bond Buyer Revenue Bond Index” shall mean the weekly index compiled by *The Bond Buyer* consisting of twenty-five (25) tax-exempt revenue bonds rated “AA” or “A” which have maturities of thirty (30) years, published immediately preceding the first day of the calendar month in which any calculation utilizing such index is made; if such index, or an equivalent successor index is no longer published, the 30 Year Bond Buyer Revenue Bond Index shall be determined in such manner as the Commission shall determine will provide substantially the same rate that would have been provided by the 30 Year Bond Buyer Revenue Bond Index and with respect to which the Commission receives confirmation from each Rating Agency then maintaining ratings on Bonds Outstanding that calculation of the 30 Year Bond Buyer Revenue Bond index in such manner will not result in a reduction or withdrawal of the then applicable ratings on the Bonds.

“Tolls or tolls” shall mean Tolls, special fees or permit fees, or other charges by the Commission to the owners, lessors, lessees or operators of motor vehicles for the operation of or the right to operate those vehicles on the System, and any other fees and charges authorized by the Act in connection with any System Project.

“Trust Agreement” shall mean collectively the Master Trust Agreement and all Supplemental Trust Agreements supplemental thereto.

“Trustee” shall mean the Trustee at the time serving under the Trust Agreement, initially The Huntington National Bank, Cleveland, Ohio, and any successor Trustee as determined under or pursuant to the Trust Agreement.

“Variable Rate Bonds” shall mean Bonds with a variable, adjustable, convertible or other similar rate which is not fixed in percentage for the entire remaining term thereof.

“Verification Agent” shall mean an independent public accounting firm, or other firm that employs one or more certified public accountants for the purpose, engaged by the Commission to perform the acts and carry out the duties provided for a Verification Agent in the Trust Agreement.

Any reference to the Commission or to its members, officers or to other public officers, boards, commissions, departments, institutions, agencies, bodies or entities shall include those which succeed to its functions, duties or responsibilities by operation of law, and also those who at the time may legally act in its place.

References to the Act, to any act or resolution of the General Assembly, or to a section, chapter, division, paragraph or other provision of the Ohio Revised Code or the Constitution of Ohio, or the laws of Ohio, shall include the Act, that act or resolution, and that section, chapter, division, paragraph or other provision and those laws as from time to time amended, modified, supplemented, revised or superseded, unless expressly stated to the contrary, provided that no such amendment, modification, supplementation, revision or supersession shall alter the obligation to pay the Annual Debt Service on Bonds Outstanding, or on Bonds in anticipation of which Notes are Outstanding, or to pay any obligations of the Commission to Financial Institutions relating to any Series of Bonds Outstanding, at the time of any such action, in the

amount and manner, at the times and from the sources provided in the Trust Agreement, except as otherwise therein permitted.

## SUMMARY OF THE TRUST AGREEMENT

The following, in addition to information contained under the captions “DESCRIPTION OF THE 2017 BONDS” and “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS”, summarizes certain provisions of the Trust Agreement, to which document in its entirety reference is made for the detailed provisions thereof.

So long as the 2017 Bonds are immobilized in a Book Entry System with DTC or another depository, that depository or its nominee is for all purposes of the Trust Agreement considered by the Commission and the Trustee to be the Holder of the 2017 Bonds, and Beneficial Owners will not be considered Holders and will have no rights as Holders under the Trust Agreement. See “EXHIBIT E - BOOK ENTRY ONLY SYSTEM.”

### Security

The Trust Agreement provides for a pledge of the System Pledged Revenues by the Commission to the Trustee for the benefit of the Holders and the Financial Institutions. See “SECURITY FOR AND SOURCE OF PAYMENT OF THE 2017 BONDS.”

### Funds and Accounts

The Trust Agreement establishes the following funds and accounts: the Revenue Fund, and within such fund the Gross Revenue Account and the Additional System Payments Account; the Expense Fund, and within such fund the Operation, Maintenance and Administrative Expenses Account and the Expense Reserve Account; the Debt Service Fund, and within such fund the Interest Account, the Principal Account, the Bond Redemption Account and the Debt Service Reserve Account; the Series Payments Fund, and within such fund, to the extent necessary to segregate and separately account for Series Payments, one or more separate accounts; the Renewal and Replacement Fund; the System Projects Fund, and within such fund, to the extent necessary, one or more separate Construction Accounts; the General Reserve Fund; the Supplemental Payments Fund, and within such fund, to the extent necessary to segregate and separately account for Supplemental Payments, one or more separate accounts; and the Rebate Fund, and within such fund a separate Rebate Account for each Series of Bonds, to the extent required by applicable law.

The funds and accounts created by the Trust Agreement constitute trust funds for the purposes provided in the Trust Agreement and are for purposes of accounting, kept separate and distinct from all other funds of the Commission and are to be used only for the purposes and in the manner provided in the Trust Agreement.

The Debt Service Fund and the accounts therein (the Interest Account, the Principal Account, the Bond Redemption Account and the Debt Service Reserve Account) are held by the Trustee. The Revenue Fund, the Series Payments Fund, the Expense Fund, the Renewal and Replacement Fund, the System Projects Fund, the General Reserve Fund and the Rebate Fund have been established and are maintained by the Commission in a bank or trust company which is eligible under the laws of the State to receive deposits of public funds. The Supplemental Payments Fund and the accounts therein have been established and are held in compliance with the document or agreement providing for such Supplemental Payments.

*Revenue Fund:* The Commission covenants that Gross Revenues will be collected by the Commission, or its agents, and deposited into the Gross Revenue Account in the Revenue Fund. All Additional System Payments will be deposited by the Commission into the Additional System Payments

Account in the Revenue Fund immediately upon receipt. All Series Payments shall be deposited by the Commission into the Series Payments Fund (or if established, the applicable subaccount therein) immediately upon receipt thereof.

*Expense Fund:* Amounts on deposit in the Operation, Maintenance and Administrative Expenses Account will be applied by the Commission from time to time to pay the Cost of Operation, Maintenance and Administration. Amounts on deposit in the Expense Reserve Account will be applied by the Commission from time to time to pay Cost of Operation, Maintenance and Administration to the extent amounts on deposit in the Operation, Maintenance and Administrative Expenses Account are insufficient for such purpose.

*Debt Service Fund:* Amounts on deposit in the Principal Account, Bond Redemption Account and Interest Account will be transferred by the Trustee to the Paying Agent at the times as are necessary to make payments of principal and interest on the Bonds or Qualified Swap Payments, as the case may be.

Amounts on deposit in the Bond Redemption Account will be applied solely to the purchase or redemption of Bonds. Moneys in the Bond Redemption Account will first be applied to the payment of the mandatory sinking fund installments coming due on the next semiannual and annual redemption dates, if any, of Bonds subject to mandatory sinking fund redemption. The Commission may at any time purchase any of such Bonds at prices not greater than the applicable redemption price of such Bonds as of such date. If the Bonds are not then redeemable prior to maturity, the Commission may purchase such Bonds at prices not greater than the redemption price of such Bonds on the next ensuing redemption date. The Trustee is required to use all moneys in the Bond Redemption Account for the redemption prior to maturity of such Bonds in such manner and at such times as shall be determined by a Supplemental Trust Agreement; provided, that the Commission will not be obligated to redeem, in advance of the mandatory sinking fund installment next coming due, such Bonds prior to maturity unless and until there are sufficient moneys on deposit in the Bond Redemption Account to provide for the redemption of at least Twenty-five Thousand Dollars (\$25,000) principal amount of Bonds at any one time. If by the application of moneys in the Bond Redemption Account, the Commission purchases or calls for redemption in any year Bonds in excess of the installment requirement for such year, such excess of Bonds so purchased or redeemed will be credited in such manner and at such times over the remaining installment payment dates as the Commission shall determine.

Moneys in the Debt Service Reserve Account will be used only for deposit into the Interest Account, the Principal Account or the Bond Redemption Account when the moneys in the Revenue Fund or any other fund or account held pursuant to the Trust Agreement and available for such purpose are insufficient therefor. In the event that any moneys are withdrawn from the Debt Service Reserve Account for deposit into the Interest Account, the Principal Account or the Bond Redemption Account, such withdrawals are required to be subsequently restored from the first System Pledged Revenues (and, to the extent available therefor, Series Payments) available to the Commission after all required payments have been made into the Interest Account, the Principal Account and the Bond Redemption Account, including any deficiencies for prior payments, unless restored by provision or reinstatement of a Reserve Account Credit Facility.

Any moneys in the Debt Service Reserve Account in excess of the Debt Service Reserve Requirement for the Bonds or, if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election, will be transferred by the Trustee to the Commission and deposited by the Commission in the General Reserve Fund.

The Commission may elect, by resolution adopted prior to the issuance of any Series of Bonds, to fully fund the Debt Service Reserve Account over a period specified in such resolution not to exceed the

period during which capitalized debt service in an amount sufficient to pay all principal and interest due on such Series of Bonds has been deposited with the Trustee, during which period the Commission will be required to make substantially equal monthly installments in order that the amounts on deposit therein and available amounts under any Reserve Account Credit Facility at the end of such period will equal the Debt Service Reserve Requirement.

In lieu of the amounts required to be on deposit in the Debt Service Reserve Account, the Commission may at any time cause to be deposited into the Debt Service Reserve Account a Reserve Account Credit Facility for the benefit of the Holders in an amount, which together with other amounts on deposit therein equals the Debt Service Reserve Requirement or, if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election, which Reserve Account Credit Facility shall be payable or available to be drawn upon, as the case may be (upon the giving of notice as required thereunder) on any interest or principal payment date on which a deficiency exists in the Interest Account, the Principal Account or the Bond Redemption Account which cannot be cured by moneys in any other fund or account held pursuant to the Trust Agreement and available for such purpose. If a disbursement is made under the Reserve Account Credit Facility, the Commission will be obligated either to reinstate the amount available under such Reserve Account Credit Facility or to deposit into the Debt Service Reserve Account from the System Pledged Revenues (and, to the extent available therefor, Series Payments), funds in the amount sufficient to cause the amount on deposit in the Debt Service Reserve Account to equal the Debt Service Reserve Requirement or, if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election, or a combination of such alternatives.

In the event that any Reserve Account Credit Facility is not rated in one of the two highest rating categories (without giving effect to modifiers or qualifiers within a rating category) by at least two Rating Agencies (the "Reserve Account Credit Facility Rating Requirement"), the Commission shall deposit an amount into the Debt Service Reserve Account so that such funds, together with any other amounts on deposit as well as any Reserve Account Credit Facilities that do meet the Reserve Account Credit Facility Rating Requirement, equal the Debt Service Reserve Requirement.

In the alternative, in lieu of the deposit set forth in the preceding paragraph, the Commission may deposit another Reserve Account Credit Facility that meets the Reserve Account Credit Facility Rating Requirement to insure over the Reserve Account Credit Facility that does not meet the Reserve Account Credit Facility Rating Requirement.

In the event that the Commission deposits cash or a Reserve Account Credit Facility to insure over an existing Reserve Account Credit Facility that does not satisfy the Reserve Account Credit Facility Rating Requirement, the Trustee shall note on its books that such cash or Reserve Account Credit Facility is for purpose of insuring over the existing Reserve Account Credit Facility.

In the event that the Trustee is required to draw upon the Debt Service Reserve Account in order to make payments due into the Debt Service Fund, the Trustee shall draw on such moneys and Reserve Account Credit Facilities in the following order of priority:

FIRST, from moneys deposited into the Debt Serve Reserve Account, other than moneys deposited due to a Reserve Account Credit Facility not meeting the Reserve Account Credit Facility Rating Requirement;

SECOND, on all Reserve Account Credit Facilities (other than those Reserve Account Credit Facilities deposited as a result of another Reserve Account Credit Facility not meeting the Reserve Account

Credit Facility Rating Requirement) on a pro-rata basis (including those Reserve Account Credit Facilities not meeting the Reserve Account Credit Facility Rating Requirement); and

THIRD, on Reserve Account Credit Facilities and cash that have been deposited as a result of another Reserve Account Credit Facility not meeting the Reserve Account Credit Facility Rating Requirement, on a pro-rata basis, but only to the extent that the provider of the Reserve Account Credit Facility not meeting the Reserve Account Credit Facility Rating Requirement fails to pay amounts as due.

Reserve Account Credit Facilities drawn on in “SECOND” above shall be drawn on a pro-rata basis only, regardless of whether the providers of the Reserve Account Credit Facilities not meeting the Reserve Account Credit Facility Rating Requirement fail to pay, unless and until Reserve Account Credit Facilities or cash in “THIRD” above have been drawn to pay amounts as due.

In the event that the Commission deposits cash as a result of an existing Reserve Account Credit Facility not meeting the Reserve Account Credit Facility Rating Requirement and that existing Reserve Account Credit Facility subsequently meets the Reserve Account Credit Facility Rating Requirement, upon the written request of the CFO/Comptroller of the Commission, the Trustee shall transfer the amount of that previous deposit to the Commission.

See “SECURITY AND SOURCE OF PAYMENT OF THE 2017 BONDS – Debt Service Reserve Requirements - Senior Lien Bond Reserve” and “Debt Service Reserve Account Credit Facilities – Senior Lien Bonds”).

If the Commission fails to pay any unreimbursed draws and related expenses with respect to the Reserve Account Credit Facility issued by Financial Security, Financial Security is entitled to exercise any and all legal and equitable remedies available to it, including those provided under the default provisions of the Trust Agreement, other than (i) acceleration of the maturity of the Bonds, or (ii) any remedies which, in the opinion of the Trustee, would adversely affect owners of the Bonds. See “GLOSSARY OF TERMS AND SUMMARY OF THE SENIOR LIEN TRUST AGREEMENT – Events of Default and Remedies.”

*Renewal and Replacement Fund:* The moneys in the Renewal and Replacement Fund will be used, when necessary, for the purpose of paying the cost of replacement or renewal of capital assets or facilities of the System, or extraordinary repairs of the System. The moneys in the Renewal and Replacement Fund will be used for payment into the Interest Account, the Principal Account and the Bond Redemption Account when the moneys in the Revenue Fund and, to the extent available therefor, in the Series Payments Fund are insufficient therefor. Moneys in the Renewal and Replacement Fund will also be used for the benefit of the Junior Lien Bonds to the extent and in the manner provided by the Junior Lien Bond Master Trust Agreement. If the Commission determines that the amount on deposit in the Renewal and Replacement Fund is excessive for the purposes of the Renewal and Replacement Fund, the excess amount may be withdrawn from the Renewal and Replacement Fund by the Commission and transferred to and deposited in the System Projects Fund.

*System Projects Fund:* The moneys in the System Projects Fund will be used, when necessary, for the purpose of paying all or part of the Project Costs of System Projects. Prior to the expenditure of such moneys from the Systems Project Fund, however, there shall be delivered to the Trustee a Certificate of the Commission, signed by the Executive Director, stating that prior to and in connection with expenditure, (i) no default exists under the Trust Agreement and (ii) no event exists which, with the giving of notice or the passage of time, would constitute an Event of Default. The moneys in the System Projects Fund will be used for payment into the Interest Account, the Principal Account and the Bond Redemption Account when the money in the Revenue Fund, the Renewal and Replacement Fund and, to the extent available therefor, the Series Payments Fund are insufficient therefor. Moneys in the System Projects Fund will also be used for the benefit of the Junior Lien Bonds to the extent and in the manner provided by the Junior Lien Bond

Master Trust Agreement. In the event the Commission shall certify that the amount on deposit in the System Projects Fund is excessive for the purposes of the System Projects Fund, such excess amount may be withdrawn from the System Projects Fund by the Commission and deposited in the General Reserve Fund.

*Series Payments Fund:* Amounts on deposit in the respective accounts within the Series Payments Fund will be applied to make the deposits to the Interest Account, the Principal Account, the Bond Redemption Account and the Debt Service Reserve Account with respect to the respective Series of Bonds secured thereby to the extent and in the manner provided or permitted in the governing document providing for the payment of such Series Payments, or, if the governing document does not so provide, then as directed by the Commission. Funds derived from Series Payments will secure and only be used to make payments with respect to the particular Series of Bonds to which such payments are pledged and such amounts will not be available or used to make payments with respect to any other Series of Bonds.

*Supplemental Payments Fund:* If in any month the System Pledged Revenues and Series Payments are not sufficient to make the required deposits into the Interest Account, the Principal Account, the Bond Redemption Account or the Debt Service Reserve Account, moneys in the Supplemental Payments Fund will be applied to pay the portion of such deficiency allocable to the Bonds secured by the Supplemental Payments. Funds derived from Supplemental Payments will secure and only be used to make payments with respect to the Series of Bonds for which such Supplemental Payments are available in accordance with the terms of the governing document providing for such Supplemental Payments and such amount will not be available or used to make payments with respect to other Series of Bonds.

*Rebate Fund:* The Commission will deposit or cause to be deposited into the appropriate Rebate Account in the Rebate Fund, from investment earnings or moneys deposited in the other funds and accounts created under the Trust Agreement, or from any other legally available funds of the Commission, an amount equal to the Rebate Amount. The moneys deposited in the Rebate Fund shall be used only for the payment of the Rebate Amount to the United States of America.

To the extent moneys on deposit in the appropriate Rebate Account in the Rebate Fund are insufficient for the purpose of paying the Rebate Amount, and other funds of the Commission are not available to pay the Rebate Amount, then the Rebate Amount is required to be paid first from System Pledged Revenues and, to the extent the System Pledged Revenues are insufficient to pay the Rebate Amount, then from moneys on deposit in any of the funds and accounts created under the Trust Agreement.

After making the required determination or calculation of the Rebate Amount or causing the same to be made, and upon verification of such determination or calculation by the Commission, if required, the Commission may, to the extent permitted by the Code, withdraw funds which may be on deposit in the appropriate Rebate Account in an amount not to exceed an amount which would maintain a balance in such account sufficient to pay the then-current cumulative Rebate Amount, and use such funds for any other purpose authorized by law.

*General Reserve Fund:* The monies in the General Reserve Fund will be used in such manner, in such priority, and at such times as the Commission determines (a) to purchase or redeem Bonds (at redemption prices not exceeding the redemption prices of such Bonds on the next ensuing redemption date), (b) for any transportation-related lawful purpose of the Commission, including, without limitation, to reimburse the provider of any Supplemental Payments in accordance with the document providing for such Supplemental Payments, payment of Project Costs with respect to Non-System Projects or payment of Non-System Project Operating Expenses, or (c) for payments by the Commission under any reimbursement agreement with respect to any Bond Credit Facility or any other financial agreement entered into with respect to the Bonds, or any Series thereof; provided, however, that none of such monies may be used for the purposes described in this paragraph unless all payments required to be made to other funds (see "EXHIBIT A - GLOSSARY OF TERMS and SUMMARY OF THE TRUST AGREEMENT - Application

of Monies in Revenue Fund”), including any deficiencies for prior payments, have been made in full to the date of such use, and the Commission has fully complied with all covenants and agreements contained in the Trust Agreement.

#### Investment and Valuation of Funds

The Revenue Fund, the Debt Service Fund, the Renewal and Replacement Fund, the Expense Fund, the System Projects Fund, the General Reserve Fund, the Series Payments Fund and all other special funds created and established by the Trust Agreement constitute trust funds under the Trust Agreement. All moneys held in such funds and accounts will be invested at the direction of the Commission in Permitted Investments. Moneys on deposit in the Debt Service Reserve Account may be invested in any Permitted Investments. Moneys on deposit in the Principal Account, the Interest Account or the Bond Redemption Account will be invested only in Permitted Investments described in clauses (a), (b), (f) or (g) of the definition of Permitted Investments (See “EXHIBIT A - GLOSSARY OF TERMS and THE TRUST AGREEMENT”). Permitted Investments must mature not later than the earliest of (a) the final maturity of the Bonds, (b) the time such moneys are reasonably required for the purposes set forth for such fund or account in accordance with the Trust Agreement, (c) the time permitted by the Act and applicable law, and (d) with respect to Permitted Investments described in clauses (a) through (d) of the definition of Permitted Investments held in the Debt Service Reserve Account, ten (10) years from the date of investment.

Unless otherwise provided by a Supplemental Trust Agreement, all income and earnings received from the investment and reinvestment of moneys on deposit in the Debt Service Reserve Account will be transferred as soon as practicable to the Interest Account, the Principal Account or the Bond Redemption Account for use for the next payment due from such accounts. All income and earnings received from the investment and reinvestment of moneys on deposit in the Interest Account, the Principal Account and the Bond Redemption Account will remain in such accounts for use for the next payment due from such account. All income and earnings received by the investment and reinvestment of moneys on deposit in any construction fund will remain in such fund for use in the expenditures required from such fund. All income and earnings on the Supplemental Payments Fund and the Series Payments Fund will be applied in the manner provided in the document governing such payments. All income and earnings received from the investment of moneys on deposit in the Rebate Fund shall be retained in such fund. All income and earnings received from the investment and reinvestment of moneys on deposit in any other fund created by the Trust Agreement will be transferred as soon as practicable to the Revenue Fund. Earnings in all funds and accounts will be available for payments of the Rebate Amount.

In computing the amount in any fund or account created under the Trust Agreement, Permitted Investments will be valued at the “cost” thereof, exclusive of accrued interest. A valuation of amounts on deposit in the Debt Service Reserve Account must be conducted by the Trustee on March 1 of each Fiscal Year to determine if the amount on deposit therein is equal to the Debt Service Reserve Requirement or, if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election. If a deficiency exists, the Commission must make up such deficiency from a deposit of System Pledged Revenues. If a surplus exists, such surplus shall be transferred into the Revenue Fund.

#### Application of Monies in Revenue Fund

On or before the tenth (10<sup>th</sup>) day of each month, amounts on deposit in the Revenue Fund as of the close of business on the last day of the preceding month will be disposed of in the following manner and priority and in an amount sufficient to make the required payment and deposit and all past due payments and deposits within such priority (provided that (a) the selection of the Gross Revenue Account or the Additional System Payments Account as the source of distribution will be determined as provided in the agreements

relating to the Additional System Payments; and (b) monies in the Additional System Payments Account will not be used to make payments into the Expense Fund):

(a) for deposit into the Operation, Maintenance and Administrative Expenses Account in an amount equal to one-twelfth (1/12) of the Cost of Operation, Maintenance and Administration, as set forth in the Annual Budget of the Commission for such Fiscal Year; provided that the payment due for the last month of each Fiscal Year shall equal the difference between budgeted and actual expenses so that the total deposits to the Operation, Maintenance and Administration Expense Account shall equal the actual expenses for such Fiscal Year. The monthly payments shall be increased or decreased, as necessary, to reflect amendments to the Annual Budget. Amounts on deposit in the Operation, Maintenance and Administrative Expenses Account shall be applied by the Commission from time to time to pay the Cost of Operation, Maintenance and Administration;

(b) for deposit into the Expense Reserve Account, the amount necessary to cause the amount on deposit therein to equal at the election of the Commission (i) the greater of one-twelfth (1/12) of the Cost of Operation, Maintenance and Administration set forth in the Annual Budget of the Commission for such Fiscal Year or the highest monthly Cost of Operation, Maintenance and Administration during the previous Fiscal Year, or (ii) such other amount as is recommended in a report of the Consulting Engineer to be necessary;

(c) (i) for deposit into the Interest Account, an amount equal to the sum of (1) one-sixth (1/6) of the interest becoming due on the next semiannual Interest Payment Date with respect to Bonds that bear interest payable semiannually, (2) the amount of interest next becoming due or maturing on the Bonds that bear interest payable monthly, (3) the amount of interest accruing in such month on Bonds that bear interest payable on other than a monthly or semiannual basis (other than Capital Appreciation Bonds and Capital Appreciation and Income Bonds), and (4) the amount of any Qualified Swap Payment payable by the Commission accruing in such month;

(ii) for deposit in the Principal Account, an amount equal to one-sixth (1/6) of the principal amount of the Bonds which will mature and become due on the next semiannual maturity date and one-twelfth (1/12) of the principal amount of the Bonds which will mature and become due on the next annual maturity date in such Fiscal Year; and

(iii) for deposit into the Bond Redemption Account, an amount sufficient to pay one-sixth (1/6) of the principal amount of Bonds subject to mandatory sinking fund redemption on the next semiannual redemption date and one-twelfth (1/12) of the principal amount of Bonds subject to mandatory sinking fund redemption on the next annual redemption date;

In making such deposits, the Trustee will reduce the amounts of the required deposits by any investment earnings which have accrued in such accounts during the preceding period;

(d) for deposit into the Debt Service Reserve Account, an amount which, together with the funds on deposit therein and the available amounts under any Reserve Account Credit Facility as provided below, will be sufficient to make the amount on deposit therein equal to the Debt Service Reserve Requirement or if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election;



(e) for deposits and payments required pursuant to the Junior Lien Bond Master Trust Agreement;

(f) for deposits and payments with respect to obligations secured by the System Pledged Revenues junior and subordinate to the Junior Lien Bonds as required pursuant to the resolution, indenture or the other instrument pursuant to which such obligations are issued;

(g) for deposit into the Renewal and Replacement Fund of an amount equal to one-twelfth (1/12) of the Renewal and Replacement Requirement for such Fiscal Year;

(h) for deposit into the System Projects Fund, such sums as shall be certified by the Commission as necessary to be deposited therein in such Fiscal Year to finance all or part of System Projects as the Commission may determine, provided, however, that such required amounts for deposit may be increased or decreased as the Commission shall certify if necessary for the purposes of the System Projects Fund;

(i) thereafter, the balance of any amounts remaining in the Revenue Fund may be transferred to the General Reserve Fund.

#### Calculation of System Pledged Revenues

The Commission shall, during the final month of each Fiscal Year, calculate the System Pledged Revenues. In the event that System Pledged Revenues exceed 200% of the Annual Debt Service Requirement, the Commission shall release the excess amount of concession revenues and lease, license, royalty, advertising and miscellaneous sales, fees and charges revenues from System Pledged Revenues.

#### Issuance of Bonds

The Commission may issue Bonds for the purpose of:

(a) financing System Projects, either alone or jointly with other persons, public bodies or private bodies;

(b) financing Non-System Projects, either alone or jointly with other persons, public bodies or private bodies;

(c) refunding Outstanding Bonds or Notes issued pursuant to the Trust Agreement;

(d) completing any System Project for which Bonds have been previously issued; or

(e) refunding Junior Lien Bonds or other subordinated indebtedness.

Each Series of Bonds (including the 2017 Bonds) must be authorized by a Supplemental Authorizing Resolution adopted by the Commission and must be issued pursuant to a Supplemental Trust Agreement.

No Bonds shall be issued unless all conditions described in paragraphs (a) through (e) below are met.

(a) The Commission must be current in all deposits into the various funds and accounts and all payments theretofore required to have been deposited or made by it under the provisions of the Trust Agreement and the Commission must be in compliance with the covenants and provisions of the Trust Agreement unless, upon the issuance of such Bonds, the Commission will be in compliance with all such covenants, all as certified to the Trustee by the Commission.

(b) (i) The amount of the System Pledged Revenues and any Supplemental Payments during the immediately preceding Fiscal Year or any twelve (12) consecutive calendar months selected by the Commission out of the fifteen (15) consecutive calendar months immediately preceding the issuance of said Bonds, adjusted as hereinafter described, as verified in writing to the Trustee by the Verification Agent, shall have been at least 150% of the Maximum Annual Debt Service Requirement on the Bonds then Outstanding and the Bonds then proposed to be issued. The System Pledged Revenues calculated pursuant to the condition described in this paragraph may be adjusted, at the option of the Commission, if the Commission, prior to the issuance of the proposed Bonds, has increased the Tolls for transit over the toll facilities of the System. If the Commission elects to adjust Systems Pledged Revenues, the Net Revenues for the immediately preceding Fiscal Year or the twelve (12) consecutive calendar months will be adjusted, based upon a certificate of the Independent Consultant, to reflect the Net Revenues which would have been derived from the System during such period if such increased Tolls of the System had been in effect during all of such period; and

(ii) if the Commission shall be constructing or shall be acquiring a System Project from the proceeds of such Bonds and assuming, except as provided below, that the Tolls in effect at the time of issuance of such Bonds will be the Tolls to be charged and collected when such System Project is completed and open for transit, the average annual System Pledged Revenues estimated by an Independent Consultant, and certified to the Trustee, to be derived during the first three (3) full Fiscal Years of operation after completion of the construction or acquisition of said System Project, plus an amount equal to the Supplemental Payments (not to exceed the portion of the Maximum Annual Debt Service Requirement attributable to the Series of Bonds secured by such Supplemental Payments) available (or, as provided by a projection of an Independent Consultant, that would have been available had the pledge of such Supplemental Payments been in effect) during any twelve (12) consecutive calendar months out of the fifteen (15) consecutive calendar months preceding the date of calculation, will be equal to at least 120% of the Maximum Annual Debt Service Requirement on the Bonds then Outstanding and the Bonds then proposed to be issued, and the Commission shall be projected to be in compliance with the requirements of the Section 4.04(a) of the Senior Lien Bond Master Trust Agreement for the first three (3) full Fiscal Years of operation after completion as certified by the Independent Consultant. Any adjustment (including any increase or decrease) to the Toll rate structure scheduled to be put in place during such first three (3) full Fiscal Years of operation may only be incorporated into the System Pledged Revenues estimate by the Independent Consultant pursuant to this paragraph if the Commission shall have established a forecast of Tolls to be charged and collected when such System Project is completed and open for transit. For purposes of calculating the System Pledged Revenues, the amount of Additional System Payments to be included shall be equal to the amount of such Additional System Payments received (or, as provided by a projection of an Independent Consultant, that would have been received had the agreement providing for such Additional System Payments been in effect) in any twelve (12) consecutive calendar months out of the fifteen (15) consecutive calendar months preceding the date of calculation.

(c) There shall be delivered to the Trustee certain documents, opinions and certificates, including evidence of authorization by the Commission of the issuance and delivery of the Bonds, and a certification of an Authorized Officer of the Commission that it is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Bonds or the Trust Agreement.

(d) Unless the Supplemental Trust Agreement for any Series of Bonds provides for the funding of the Debt Service Reserve Account in installments, the Debt Service Reserve Account must be fully funded immediately upon the issuance of such Series of Bonds.

(e) A Series of Bonds may be issued for purposes of financing one or more Non-System Projects only if the System Pledged Revenues, plus an amount equal to the Supplemental Payments (not to exceed the portion of the Maximum Annual Debt Service Requirement attributable to the Series of Bonds secured by such Supplemental Payment) for any twelve (12) consecutive calendar months of the fifteen (15) consecutive calendar months immediately preceding the issuance of such Bonds shall have been at least one hundred twenty percent (120%) of the Maximum Annual Debt Service Requirement on the Bonds then Outstanding and the Bonds proposed to be issued. For purposes of calculating the System Pledged Revenues and Supplemental Payments to be pledged to the Bonds proposed to be issued, the amount to be included for purposes of satisfying the condition described in this paragraph is required to be the amount received or projected by an Independent Consultant in writing to the Trustee that would have been received or available, had the pledge of such Additional System Payments or Supplemental Payments been in effect during such period.

The Commission need not comply with the provisions described in clause (b) of the preceding paragraph if and to the extent the Bonds to be issued qualify as either “Refunding Bonds” or “Completion Bonds,” as described below.

(a) “Refunding Bonds,” that is, Bonds delivered in lieu of, or in substitution for, or to provide for the payment of, Bonds or Notes Outstanding under the Trust Agreement, if the Commission causes to be delivered to the Trustee a certificate of a Verification Agent setting forth:

(1) the Annual Debt Service Requirements for the then current and each future Fiscal Year to and including the latest maturity of any Bonds of any Series then Outstanding:

(A) with respect to the Bonds of all Series Outstanding immediately prior to the date of authentication and delivery of such Refunding Bonds, and

(B) with respect to the Bonds of all Series to be Outstanding immediately thereafter, and

(2) that the Annual Debt Service Requirement set forth for each Fiscal Year pursuant to (1)(B) above is no greater than that set forth for each such Fiscal Year pursuant to (1)(A) above, or

(b) “Completion Bonds,” that is, Bonds delivered to provide for the payment of the cost of a System Project subsequent to the original issuance of Bonds for such System Project, provided that the conditions described in subparagraphs (1) and (2) below are met.

(1) The net amount of such Completion Bonds available for deposit into the System Projects Fund will be equal to or less than (A) ten percent (10%) of the original estimated cost of such System Project at the time of the original issuance of Bonds, or (B) such a greater amount, provided that an Independent Consultant certifies that such greater amount is necessary for completion of the System Project and that issuance of such Completion Bonds in such amount will not reduce projected Net Revenues after the payment of Annual Debt Service on the Bonds for the first full Fiscal Year following completion of the System Project and each future Fiscal Year to and including the latest maturity of any Bonds Outstanding assuming the issuance of the Completion Bonds as compared with the projected Net Revenues after the payment of Annual Debt Service for the same periods assuming that the Completion Bonds were not issued; and

(2) The Commission causes to be delivered to the Trustee a certificate of the Consulting Engineer stating:

(A) the cost of completing such System Project, and

(B) that other funds available or reasonably expected to become available for such cost, together with the proceeds of such Completion Bonds, will be sufficient to pay such cost.

### Tolls

The Commission will at all times charge and collect or cause to be charged and collected Tolls for the use of the System at rates not less than those set forth in the schedule of such Tolls then in effect and as shall be required in order to satisfy the requirements described in subparagraphs (a), (b) and (c) below.

(a) Gross Revenues in each Fiscal Year will equal at least one hundred percent (100%) of the aggregate of:

(i) the Cost of Operation, Maintenance and Administration for such Fiscal Year as provided in the Annual Budget; and

(ii) any amounts required to be deposited into the Expense Reserve Account in such Fiscal Year.

(b) System Pledged Revenues in each Fiscal Year will equal at least one hundred percent (100%) of the aggregate in such Fiscal Year of (i) the Annual Debt Service Requirement, (ii) required deposits to the Debt Service Reserve Fund, (iii) deposits and payments required pursuant to the Junior Lien Bond Master Trust Agreement, (iv) deposits and payments required pursuant to any resolution, indenture or other authorizing instrument under which any obligations of the Commission secured by a pledge of the System Pledged Revenues junior and subordinate to the Junior Lien Bonds are issued, and (v) the Renewal and Replacement Requirement.

(c) System Pledged Revenues (plus Supplemental Payments, if any, in an amount not to exceed the aggregate Annual Debt Service Requirement for such Fiscal Year for all Series of Bonds to which such Supplemental Payments are pledged in each Fiscal Year) will equal at least one hundred twenty percent (120%) of the Annual Debt Service Requirement in such Fiscal Year.

The collection of System Pledged Revenues in any Fiscal Year in an amount in excess of the amounts required as described above for any Fiscal Year will not be taken into account as a credit against the requirements described above for any subsequent Fiscal Year.

On or before July 31 in each year, the Commission is required to complete a review of the financial condition of the Commission for the purpose of estimating whether the Gross Revenues for such Fiscal Year will be sufficient to provide, together with Series Payments, Additional System Payments and Supplemental Payments, the amounts described in clauses (a), (b) and (c) above (the "Revenue Requirement"). If the Commission determines that such amounts may not be sufficient to satisfy the Revenue Requirement for the then current Fiscal Year, it will forthwith cause the Independent Consultant to make a study for the purpose of recommending a schedule of Tolls which, in the opinion of the Independent Consultant, will cause amounts to be received in the following Fiscal Year equal to the amounts necessary to satisfy the Revenue Requirement for such Fiscal Year. No later than February 1 of the following year, the Commission will establish and place in effect a schedule of Tolls which will cause amounts to be received in such following and each subsequent Fiscal Year to be sufficient to restore the amount of any deficiency at the earliest

practicable time. If, in any Fiscal Year, the amounts received are not sufficient to satisfy the Revenue Requirement, the Commission is required to (a) cause the Independent Consultant to make a study for the purpose stated in the immediately preceding sentence unless it has already obtained a revenue study and recommendation in compliance with such sentence, and (b) as promptly as practicable and in any case no later than the next July 1, establish and place in effect a schedule of Tolls as recommended by the Independent Consultant.

Except as specifically provided in the Trust Agreement, the Commission will not effect any reduction in any rate of Toll fixed for transit over the System or eliminate any Toll charged for use of the System unless it first provides thirty (30) days' notice to the Trustee and then only if, accompanying said notice, all of the documents described in subparagraphs (a), (b) and (c) below are filed with the Trustee:

(a) A certificate of an Independent Consultant setting forth estimates of the Gross Revenues, System Pledged Revenues, Supplemental Payments and Series Payments for the then current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding, which may take into consideration, among other things, the additional use of the System projected to result from such reduction in the rate of Toll, and a favorable recommendation from the Independent Consultant that such proposed reduction be placed in effect.

(b) A certificate of the Commission setting forth for the Fiscal Years set forth in the certificate of the Independent Consultant and based on the same assumptions as used in the certificate described in paragraph (a) above, estimates of the Cost of Operation, Maintenance and Administration and deposits to the Expense Reserve Account for the System prepared in accordance with the Trust Agreement.

(c) a certificate of an Authorized Officer of the Commission:

(i) setting forth the Composite Annual Debt Service Requirement for the then current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding;

(ii) certifying that the estimated System Pledged Revenues and Supplemental Payments for the then current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding are not less than 1.50 times the Composite Annual Debt Service Requirement for such respective current or future Fiscal Year;

(iii) certifying that the Commission is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Trust Agreement; and

(iv) certifying that immediately prior to such proposed reduction the amount on deposit in the Debt Service Reserve Account was equal to the Debt Service Reserve Requirement or if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election.

Except as specifically provided in the Trust Agreement, the Commission will not construct any System Project for which a Toll, consistent with Tolls charged on other portions of the System, is not charged unless there is filed with the Trustee:

(a) a certificate of an Independent Consultant setting forth estimates of the Gross Revenues, System Pledged Revenues, Supplemental Payments and Series Payments for the then current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding;

(b) a certificate of the Commission setting forth for the Fiscal Years set forth in the certificate of the Independent Consultant and based on the same assumptions as used in the certificate required by paragraph (a) above, estimates of the Cost of Operation, Maintenance and Administration and deposits to the Expense Reserve Account prepared in accordance with the Trust Agreement;

(c) a certificate of an Authorized Officer of the Commission:

(i) setting forth the Composite Annual Debt Service Requirement for the then current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding;

(ii) certifying that the estimated System Pledged Revenues and Supplemental Payments (as derived from the certificates pursuant to paragraph (a) above) for the then current and each future Fiscal Year during which any Bonds are scheduled to be Outstanding are not less than 1.20 times the Composite Annual Debt Service Requirement for such respective current or future Fiscal Year;

(iii) certifying that the Commission is not in default in the performance of any of the covenants, conditions, agreements or provisions contained in the Trust Agreement; and

(iv) certifying that the amount on deposit in the Debt Service Reserve Account is equal to the Debt Service Reserve Requirement or if the Commission has exercised its option to fund the Debt Service Reserve Account in installments, the amount then required to be on deposit in the Debt Service Reserve Account in accordance with such election.

With respect to each System Project, the Commission is required to classify Tolls for use of that System Project in a reasonable way to cover all traffic, so that the Tolls will be uniform in application to all traffic on that System Project falling within any reasonable class regardless of the status or character of any person, firm or corporation participating in the traffic, except by reason of privileges based upon frequency, volume, type of vehicle, time of such traffic, distance traveled, weight or method of payment.

The Commission may increase Tolls from time to time. The Commission may make any other adjustment or reclassification of Tolls or establish special Tolls, introductory Tolls or temporary Tolls, provided such adjustments or reclassification will not cause the Commission to fail to satisfy the Revenue Requirement.

The failure in any Fiscal Year to satisfy the Revenue Requirement will not constitute an Event of Default under the Trust Agreement if the Commission complies with the requirements described in the third paragraph under "THE TRUST AGREEMENT - Tolls"; provided that if the Independent Consultant is of the opinion, as shown by its certificate filed with the Commission, that a schedule of Tolls and other rates and charges for the System which would provide funds to meet the Revenue Requirement is impracticable at that time, then the Commission is required to fix and establish such schedule of Tolls as is recommended by the Independent Consultant to satisfy as nearly as practicable the Revenue Requirement, and in such event the failure of the Commission to satisfy the Revenue Requirement and the other requirements described in the third paragraph under "THE TRUST AGREEMENT - Tolls" shall not constitute an Event of Default under the provisions of the Trust Agreement.

The Commission covenants that it will not allow or permit any free use of the toll facilities of the System except to officials, employees, agents, vendors or contractors of the Commission while engaged in official business of the Commission or law enforcement officers or emergency vehicles or clearly marked federal or state military vehicles while in the discharge of their official duties, or in the event of an emergency in which temporary free passage is required in order to assure the safety and security of patrons on the System.

### Insurance

The Commission is required to maintain (a) property risk insurance during the construction, reconstruction or improvement of any part of the System, as shall be determined by the Commission; (b) property insurance with respect to System Major Bridges in a commercially reasonable amount as determined by the Commission; (c) use and occupancy insurance covering a period of suspension of not less than 12 months and such longer period as the Commission may approve, which insurance may exclude loss sustained by the Commission during the first 7 days of any total or partial interruption of use; and public liability and property damage insurance in at least the amount, and covering at least the risks, as the Commission may determine. All insurance policies related to the above-described coverages are open to inspection of the Bondholders and their representatives at all reasonable times.

### Disposition of Property

The Commission shall not, except as in the Trust Agreement otherwise permitted, sell, lease or otherwise dispose of or encumber the System or any part thereof and will not create or permit to be created any charge or lien on the revenues derived therefrom. However, the Commission may:

- (a) Lease or contract with respect to the operation of Service Facilities, as defined in the Act, to the extent Service Facilities are part of the System.
- (b) Sell, exchange or otherwise dispose of any machinery, fixtures, apparatus, tools, instruments or other moveable property acquired by it from whatever source of moneys, if the Executive Director determines that they are no longer needed or useful in connection with the operation and maintenance of the System.
- (c) Sell, exchange or otherwise dispose of any real property or release, relinquish or extinguish any interest therein as the Commission by resolution declares is not needed or serves no useful purpose in connection with the maintenance and operation of the System, if the Consulting Engineers in writing approve that resolution.

The Commission is required to notify the Trustee of any disposition of any property constituting a portion of the System with a fair market value in excess of \$500,000 and the amount and application of the proceeds of that disposition.

### Other Covenants

The Commission covenants that (a) it will operate and maintain the System in conformity with all applicable legal requirements; it will not make any modifications or alterations of the System which substantially increase the cost of operating the System or substantially affect adversely the volume or character of the traffic using the System; (b) it will establish and enforce reasonable rules and regulations governing the use and operation of the System, (c) all compensation, salaries, fees and wages paid by it in connection with the maintenance, repair and operation of the System will be reasonable, (d) no more persons will be employed by it than are necessary, (e) it will maintain and operate the System in an efficient and economical manner, (f) from the revenues of the System it will at all times maintain the System in good

repair and in sound operating condition and will make all necessary repairs, renewals, improvements and replacements, and (g) it will comply with all valid applicable acts, rules, regulations, orders and directions of any legislative, executive, administration or judicial body applicable to the System or the Commission.

The Commission covenants that it will cause the Consulting Engineers to make an inspection of the System at least once each calendar year, and on or before October 1 in that year, submit to the Commission a report setting forth (a) their findings whether the System has been maintained in good repair, working order and condition, (b) their advice and recommendations as to the proper maintenance, repair and operation of the System during the ensuing Fiscal Year and an estimate of the amount of money necessary for those purposes and (c) their advice and recommendations as to the insurance to be carried by the Commission.

The Commission covenants that it will (a) observe and comply with all valid requirements of any governmental authority relative to the System or any part of the System, (b) not create or suffer to be created any lien or charge upon the System or any part of it or upon the System Pledged Revenues except the lien and charge of the Bonds, and (c) from the System Pledged Revenues or other available moneys, it will pay or cause to be discharged, or will make adequate provision to satisfy and discharge, within 60 days after the same shall accrue, all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part of System Pledged Revenues or other revenue from the System. However, the Commission is not required to pay or cause to be discharged, or make provision for, any such lien or charge so long as the validity thereof is contested in good faith and by appropriate legal proceedings.

The Commission will cause an audit of financial statements as of December 31 of each year, prepared in accordance with GAAP, to be made of its books and accounts relating to the System and the Debt Service Fund by an independent certified public accountant approved by the Auditor of the State. Reports of each such audit shall be filed by July 1 following the date of the financial statements with the Commission and the Trustee, and copies shall be mailed by the Commission to the Consulting Engineers. Each audit report shall set forth such matters as are required by GAAP.

The Commission covenants that it will cause written notice to be given to the Rating Agencies at least thirty (30) days prior to the making of any multi-year pledge or assignment of any revenues received by the Commission and not pledged or assigned pursuant to the Trust Agreement.

#### Addition of Non-System Projects to the System

A Non-System Project owned and controlled by the Commission may, by resolution of the Commission, be designated and become part of the System for purposes of the Trust Agreement if there shall first have been obtained and filed with the Commission a certificate of an Independent Consultant to the effect that for any period of twelve (12) consecutive calendar months out of the fifteen (15) consecutive calendar months immediately preceding such designation, the revenues received by the Commission with respect to such Non-System Project (that is, those payments received by the Commission with respect to such Non-System Project that would have constituted Gross Revenues had such Non-System Project been part of the System) equaled or exceeded the aggregate for such period of (i) the Non-System Project Operating Expenses of such Non-System Project (plus any additional Cost of Operation, Maintenance and Administration that would have been incurred by the Commission had such Non-System Project been part of the System, as estimated by such Independent Consultant) and (ii) a reasonable renewal and replacement reserve deposit with respect to such Non-System Project, as determined by such Independent Consultant.



## Events of Default and Remedies

The following events constitute Events of Default under the Trust Agreement:

- (a) Default in the payment of any interest on any Bond when and as the same shall have become due and payable;
- (b) Default in the payment of the principal of or any redemption premium on any Bond when and as the same becomes due and payable, whether at stated maturity or by mandatory redemption or mandatory purchase;
- (c) Any other default, and the continuance thereof for a period of 60 days after written notice thereof to the Commission given by the Trustee or the Holders of not less than 25 percent in aggregate amount of affected Bonds then Outstanding.

The term “default” as used in the Trust Agreement shall mean default by the Commission in the performance or observance of any of the covenants, agreements or conditions on its part contained in the Trust Agreement or in the Bonds, exclusive of any period of grace required to constitute a default an Event of Default as provided above.

Except as modified or supplemented by a Supplemental Trust Agreement with respect to a particular series of Bonds, the Trustee is not required to take notice, and shall not be deemed to have notice or knowledge, of any default or Event of Default under the Trust Agreement, except Events of Default described in clauses (a) and (b) above, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument delivered to it by the Commission or by the Holders of not less than 10 percent in aggregate principal amount of Bonds then Outstanding or a Financial Institution. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Events of Default, except as to Events of Default described in clauses (a) and (b) above.

Upon the occurrence of any Event of Default as described in clauses (a) or (b) above, the Trustee must, and upon the occurrence of any Event of Default as described in clause (c) above, the Trustee may and upon the written request of the Holders of not less than 25 percent in aggregate principal amount of the affected Bonds then Outstanding or a Financial Institution providing a letter of credit in connection with the affected Bonds must (subject to the Trustee’s right to be indemnified for its expenses) proceed in its own name to protect and enforce its rights and the rights of the Holders under the Trust Agreement by such of the remedies described in subparagraphs (a) through (d) below as the Trustee, being advised by counsel, considers most effective to protect and enforce those rights:

- (a) By mandamus or other suit, action or proceeding at law or in equity enforce all the rights of Holders, including the compelling of the performance of all duties of the Commission or State agencies under the Bond Proceedings and the enforcement of the payment of the Annual Debt Service Requirement on the Bonds then Outstanding.
- (b) Bring suit upon the Bonds.
- (c) Enjoin unlawful activities or activities in violation of the rights of the Holders or Financial Institutions under the Trust Agreement.
- (d) In the event of the occurrence of an Event of Default as described in clauses (a) or (b) of the preceding paragraph:

(i) Apply to a court having jurisdiction of the cause to appoint a receiver, who may be the Trustee, to receive and administer the System Pledged Revenues with full power to pay and to provide for payment of the Annual Debt Service Requirement, and with such powers, subject to the discretion of the court, as are accorded receivers in general equity cases, excluding any power to pledge additional revenues or receipts or other income or moneys of the Commission or the State or State agencies to the payment of the Annual Debt Service Requirement, and excluding the power to take possession of, mortgage or cause the sale or otherwise dispose of any Project, or

(ii) By notice in writing delivered to the Commission and to each member of the Commission, declare the principal of all Bonds then Outstanding and the interest accrued on those Bonds immediately due and payable and thereupon that principal and interest shall become and be immediately due and payable. If at any time after that declaration and prior to the entry of judgment in a court of law or equity for enforcement or the appointment of a receiver hereunder, all sums payable under the Trust Agreement (except the principal and interest on Bonds which have not reached their stated maturity dates and which are due and payable solely by reason of that declaration of acceleration), plus interest (to the extent permitted by law) on any overdue installments of interest at the rate borne by the Bonds in respect of which such Event of Default shall have occurred, shall have been duly paid or provided for by deposit with the Trustee or Paying Agents and all existing defaults shall have been made good, then and in every such case the Trustee must waive that Event of Default and its consequences and must rescind and annul that declaration, but no such waiver and rescission shall extend to or affect or impair any rights consequent on any subsequent Event of Default.

Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding have the right with the consent of each Financial Institution not then in default on its obligations with respect to the Bonds, at any time, by instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement, or for the appointment of a receiver or any other proceedings under the Trust Agreement; provided that (a) such direction shall not be otherwise than in accordance with the provisions of law and of the Trust Agreement, (b) the Trustee shall be indemnified as provided in the Trust Agreement, (c) a Financial Institution will have no rights with respect to the enforcement of remedies against itself.

After payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses, liabilities and advances incurred or made by the Trustee or receiver, all moneys received by the Commission, Trustee or receiver pursuant to any right given or action taken under the provisions of the Trust Agreement shall be applied as described in subparagraphs (a) through (c) below.

(a) Unless the principal of all the Bonds has become or has been declared due and payable pursuant to the Trust Agreement, all such moneys shall be applied as follows:

First: To the payment, to the persons entitled thereto, of all installments of interest then due on the Bonds (or reimbursement of Financial Institutions for interest payments made pursuant to a Bond Credit Facility), in the order of the dates of maturity of the installments of that interest and beginning with the earliest such date, and if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably according to the amounts due on that installment, without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds;

Second: To the payment, to the persons entitled thereto, of the unpaid principal of any of the Bonds (or reimbursement of Financial Institutions for principal payments made pursuant to a Bond Credit Facility) which has become due (other than Bonds previously called for redemption for the payment of which moneys are held pursuant to the provisions of the Trust Agreement), whether at stated maturity, by redemption or pursuant to any mandatory sinking fund requirements, in the order of their due dates and beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they become due, and if the amount available shall not be sufficient to pay in full all Bonds (and reimburse in full Financial Institutions for principal payments made pursuant to a Bond Credit Facility) due on any particular date, together with such interest, then to the payment thereof ratably according to the amount of principal due on that date, without discrimination or privilege; and

Third: To the payment of all other obligations of the Commission to Financial Institutions.

(b) If the principal of all the Bonds has become due or has been declared due and payable pursuant to the Trust Agreement, all such moneys will be applied to the payment of the principal and interest then due and unpaid upon the Bonds (and reimbursement of Financial Institutions for principal and interest payments made pursuant to a Bond Credit Facility), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified in the Bonds and then to the payment of all other obligations of the Commission to Financial Institutions.

(c) If the principal of all the Bonds has been declared due and payable pursuant to the Trust Agreement, and if that declaration thereafter has been rescinded and annulled under the provisions of the Trust Agreement, then, subject to the provisions described in clause (b) in the event that the principal of all the Bonds shall later become due and payable, the moneys will be deposited in the Debt Service Fund and applied in accordance with the provisions of the Trust Agreement.

No Holder has any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder unless (a) an Event of Default has occurred and is continuing, (b) that Holder shall previously have given to the Trustee written notice of that Event of Default, (c) the Holders of at least 25 percent in aggregate principal amount of Bonds then Outstanding made written request to the Trustee and afforded the Trustee reasonable opportunity either to proceed to exercise the powers granted herein or to institute such action, suit or proceeding in its own name and shall have also offered to the Trustee indemnity as provided in the Trust Agreement and (d) the Trustee thereafter fails or refuses to exercise the powers granted in the Trust Agreement or to institute such action, suit or proceeding in its own name.

The Trustee may at any time in its discretion, but only with the consent of any Financial Institution providing a Bond Credit Facility in connection with affected Bonds and not then in default of its obligations with reference to such Bonds, waive any Event of Default and its consequences, and rescind any declaration of maturity of principal, and must do so, with the consent of any Financial Institution providing a Bond Credit Facility in connection with affected Bonds, upon the written request of the Holders of not less than a majority in aggregate principal amount of all the Bonds then Outstanding in respect of which the Event of Default exists. However, there shall not be so waived any Event of Default described in clauses (a) or (b) of the first paragraph under the caption "EXHIBIT A - GLOSSARY OF TERMS AND SUMMARY OF THE

SENIOR LIEN TRUST AGREEMENT - Events of Default and Remedies,” or such declaration in connection therewith rescinded, unless at the time of that waiver or rescission payments of all sums payable under the Trust Agreement (except the principal and interest on Bonds which have not reached their stated maturity dates and which are due and payable solely by reason of that declaration of acceleration), plus interest, to the extent permitted by law, on any overdue installments of interest at the rate borne by the Bonds in respect of which such Event of Default shall have occurred, have been made or provided for. In case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default is discontinued or abandoned or determined adversely, then and in every such case the Commission, the Trustee, any Financial Institution and the Holders shall be restored to their respective positions and rights hereunder. No such waiver or rescission will extend to any subsequent or other default or Event of Default, or impair any right consequent thereon.

### Supplemental Trust Agreements

The Commission and the Trustee, without the consent of or notice to any of the Holders, may enter into agreements supplemental to the Trust Agreement for any one or more of the following purposes: (a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement; (b) to grant to or confer upon the Trustee for the benefit of the Holders or any Financial Institution any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Holders or any Financial Institution (to the extent not contrary to the interests of Holders) or the Trustee; (c) to subject additional revenues or receipts to the pledge of the Trust Agreement; (d) to add to the covenants and agreements of the Commission contained in the Trust Agreement other covenants and agreements thereafter to be observed for the protection of the Holders or Financial Institutions (to the extent not contrary to the interests of Holders), or to surrender or limit any right, power or authority reserved to or conferred upon the Commission in the Trust Agreement, including without limitation the limitation of rights of redemption so that in certain instances Bonds of different series will be redeemed in some prescribed relation to one another; (e) to evidence any succession to the Commission and the assumption by that successor of the covenants and agreements of the Commission contained in the Trust Agreement and the Bonds; (f) in connection with the issuance of a Series of Bonds in forms other than fully registered Bonds and for amendments of the Trust Agreement relating to Bonds and the rights of the Holders of Bonds issued in those forms not inconsistent with the provisions of the Trust Agreement applying to the rights of owners of fully registered Bonds and Financial Institutions, if in the opinion of bond counsel selected by the Commission those provisions would not result in the interest on any of the Bonds Outstanding becoming subject to federal income taxation; (g) to permit the exchange of Bonds, at the option of the Holder, for coupon Bonds of the same series payable to bearer, in an aggregate principal amount not exceeding the unmatured and unredeemed principal amount of the predecessor Bonds, bearing interest at the same rate or rates (or determined in the same manner) and maturing on the same date or dates, with coupons attached representing all unpaid interest due or to become due thereon if, in the opinion of bond counsel selected by the Commission, that exchange would not result in the interest on any of the Bonds Outstanding becoming subject to federal income taxation; (h) to permit the use of a book entry system to identify the owner of an interest in a Bond, whether that Bond was formerly, or could be, evidenced by a physical security; (i) to permit the Trustee to comply with any obligations imposed upon it by law; (j) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and any Authenticating Agents or Paying Agents; (k) to achieve compliance of the Trust Agreement with any applicable federal securities or tax law; (l) to permit any other amendment which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Holders; and (m) to authorize the issuance of a Series of Bonds in accordance with the provisions of the Master Trust Agreement.

The Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds then held or owned by the Commission) to be affected thereby have the right, from time to time, to consent to and approve the execution by the Commission and the Trustee of such other Supplemental Trust Agreements for the purpose of modifying, altering, amending, adding to or

rescinding, in any particular, any of the terms or provisions contained in the Trust Agreement, but only with the prior written consent of the providers of any Bond Insurance Policies insuring Outstanding Bonds. However, the Trust Agreement does not permit: (a) without the consent of the Holder of each Bond so affected, an extension of the maturity of the principal of or the interest on any Bond, or a reduction in the principal amount of any Bond or the rate of interest or redemption premium thereon, or a reduction in the amount or extension of the time of any payment required by any mandatory sinking fund requirements or mandatory redemption requirements, or (b) without the consent of the Holders of all of the Bonds then Outstanding, a reduction in the aggregate principal amount of the Bonds required for consent to that Supplemental Trust Agreement.

Where consent of the Holders is required, the Trust Agreement contains procedures for notice to the Holders and for the execution and filing of the requisite consents. Any consent is to be binding upon the Holders of the Bonds giving that consent and upon any subsequent Holders of those Bonds and of any Bonds issued in exchange therefor (whether or not the subsequent Holders have notice thereof). However, the consent may be revoked by the Holder of such Bonds who gave consent or by subsequent Holders thereof by filing with the Trustee, prior to the execution by the Trustee of the Supplemental Trust Agreement, a written revocation. If the Holders of the required percentage in aggregate principal amount of the Bonds Outstanding have consented to and approved the execution thereof, no Holder of any Bond shall have any right to object to the execution of that Supplemental Trust Agreement or to any of the terms and provisions contained in or to the operation of that Supplemental Trust Agreement, or in any manner to question the propriety of the execution of, or to enjoin or restrain the Trustee or the Commission from executing, or from taking any action pursuant to the provisions of, that Supplemental Trust Agreement.

The terms of the Trust Agreement or any Supplemental Trust Agreement may be modified or altered in any respect with the consent of the Commission, any Financial Institutions and the Holders of all the Outstanding Bonds.

#### Defeasance

If the Commission pays or causes to be paid to the Holders of the Outstanding Bonds all principal, premium, if any, and interest due or to become due thereon and all obligations of the Commission to Financial Institutions, and provision is made for paying all other sums payable under the Trust Agreement by the Commission, then and in that event the Trust Agreement will cease, determine and become null and void, and the covenants, agreements and other obligations of the Commission under the Trust Agreement will be discharged, released and satisfied.

Bonds will be deemed to have been paid or caused to be paid if the Trustee holds, in trust for and irrevocably committed thereto, sufficient moneys, or moneys and Defeasance Obligations certified by a Verification Agent to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient for the payment, at their maturity or redemption date, of all principal, premium, if any, and interest thereon to the date of maturity or redemption, as the case may be; provided that if any Bonds are to be redeemed prior to their maturity, notice of that redemption must be duly given or provision satisfactory to the Trustee must be duly made for the giving of that notice.

#### Trustee

The Trustee, The Huntington National Bank, Columbus, Ohio, is a national banking association organized and existing under the laws of the United States of America and is authorized to exercise corporate trust power in the State. The Trustee has undertaken to perform such duties as are specifically set forth in the Trust Agreement. The Trustee has agreed to exercise the rights and powers vested in it by the Trust Agreement and use the same degree of care and skill in their exercise as would an ordinarily prudent

corporate trustee under a trust agreement securing securities of a public agency. The Trustee is not required to take any action under the Trust Agreement (except with respect to giving certain notices of the occurrence of an Event of Default) until it has received a satisfactory indemnity bond for its expenses and to protect it against liability, other than liability resulting from its negligence or willful misconduct. The permissive rights of the Trustee to do things under the Trust Agreement will not be construed as a duty.

The Huntington National Bank is among the banks that serve as depositories for Commission and State monies.

**EXHIBIT B**  
**FORM OF BOND COUNSEL OPINION FOR 2017 BONDS**

September 28, 2017

To: Ohio Turnpike and Infrastructure Commission  
Berea, Ohio

Citigroup  
New York, New York,  
as Representative of the Underwriters named  
in the Bond Purchase Agreement dated September 13, 2017  
with the Ohio Turnpike and Infrastructure Commission

We have served as bond counsel to our client the Ohio Turnpike and Infrastructure Commission (the “Commission”) in connection with the issuance by the Commission of \$114,670,000 State of Ohio Turnpike Revenue Refunding Bonds, 2017 Series A (the “2017 Series A Bonds”), dated the date of this letter.

The 2017 Series A Bonds are issued pursuant to Chapter 5537 of the Ohio Revised Code and the Amended and Restated Master Trust Agreement (Eighteenth Supplemental Trust Agreement) dated as of April 8, 2013, between the Commission and The Huntington National Bank, as Trustee (the “Master Trust Agreement”), as amended and supplemented by various supplemental trust agreements, including the Twenty-First Supplemental Trust Agreement dated as of September 1, 2017 (collectively, the “Trust Agreement”). Capitalized terms not otherwise defined in this letter are used as defined in the Trust Agreement.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the issuance of the 2017 Series A Bonds, a copy of the signed and authenticated 2017 Series A Bond of the first maturity, the Trust Agreement, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Trust Agreement is a valid and binding obligation of the Commission, enforceable in accordance with its terms, and the 2017 Series A Bonds are valid and binding obligations of the State of Ohio (the “State”), enforceable in accordance with their terms.

2. The 2017 Series A Bonds constitute special obligations of the State, and the principal of and interest on (collectively, “debt service”) the 2017 Series A Bonds, together with debt service on any other obligations issued and outstanding on a parity with the 2017 Series A Bonds as provided in the Trust Agreement (collectively, the “Bonds”), are payable from and secured solely by the System Pledged Revenues and certain funds and accounts established under the Trust Agreement, as provided in the Trust Agreement. The payment of debt service on the Bonds is not secured by an obligation or pledge of any

money raised by taxation, and the Bonds do not represent or constitute a general obligation or a pledge of the faith and credit of the Commission or the State or any of its political subdivisions.

3. Interest on the 2017 Series A Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, interest on the 2017 Series A Bonds is included in the calculation of a corporation’s adjusted current earnings for purposes of, and thus may be subject to, the corporate alternative minimum tax. Interest on, and any profit made on the sale, exchange or other disposition of, the 2017 Series A Bonds are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to any other tax consequences regarding the 2017 Series A Bonds.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the Commission.

We express no opinion herein regarding the priority of the lien on Pledged Revenues or other funds created by the Trust Agreement.

In rendering those opinions with respect to treatment of the interest on the 2017 Series A Bonds under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the Commission. Failure to comply with certain of those covenants subsequent to issuance of the 2017 Series A Bonds may cause interest on the 2017 Series A Bonds to be included in gross income for federal income tax purposes retroactively to their date of issuance.

The rights of the owners of the 2017 Series A Bonds and the enforceability of the 2017 Series A Bonds and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the 2017 Series A Bonds is concluded upon delivery of this letter.

Respectfully submitted,



**EXHIBIT C**

**OHIO TURNPIKE AND INFRASTRUCTURE COMMISSION BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016 AND  
INDEPENDENT AUDITORS' REPORT FOR PLANTE & MORAN, PLLC**

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## Independent Auditor's Report

To the Commission Members  
Ohio Turnpike and Infrastructure Commission

### **Report on the Financial Statements**

We have audited the accompanying basic financial statements of the Ohio Turnpike and Infrastructure Commission (the "Commission"), a component unit of the State of Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Turnpike and Infrastructure Commission as of December 31, 2016, and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Commission Members  
Ohio Turnpike and Infrastructure Commission

**Other Matters**

*Report on Prior Year Financial Statements*

The basic financial statements of the Ohio Turnpike and Infrastructure Commission as of and for the year ended December 31, 2015 were audited by a predecessor auditor, which expressed an unmodified opinion on the basic financial statements. The predecessor auditor's report was dated June 8, 2016.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of net pension liability, and the schedule of employer contributions as outlined in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Plante & Morse, PLLC*

April 12, 2017

## Management's Discussion and Analysis

This section of the annual financial report presents the Commission's discussion and analysis of its financial position and the results of operations for the year ended December 31, 2016 and 2015. Please read it in conjunction with the Chairman's Letter, Executive Director's Year in Review, Letter of Transmittal, and History and General Information at the front of this report, and the Commission's financial statements and notes, which follow this section.

### Financial Highlights

#### 2016

- » The total number of vehicles that traveled the Ohio Turnpike in 2016 increased 2.8 percent and vehicle miles traveled increased 1.2 percent from the levels reached in 2015. The increase in vehicle miles traveled along with a 2.7 percent toll rate increase implemented on January 1, 2016 resulted in an increase in toll revenue of approximately \$8.3 million or 2.9 percent.
- » Operating expenses increased by \$12.1 million or 6.7 percent from 2015.
- » The Commission incurred \$279.4 million in Infrastructure Project reimbursement expenses in 2016 for previously approved Infrastructure Project costs that were expended by "ODOT".
- » In 2016, the Commission made capital improvements totaling approximately \$126.0 million.

#### 2015

- » The total number of vehicles that traveled the Ohio Turnpike in 2015 increased 4.1 percent and vehicle miles traveled increased 4.4 percent from the levels reached in 2014. The increase in vehicle miles traveled along with a 2.7 percent toll rate increase implemented on January 1, 2015 resulted in an increase in toll revenue of approximately \$15.6 million or 5.9 percent.
- » Operating expenses increased by \$3.9 million or 2.2 percent from 2014.
- » The Commission incurred \$306.3 million in Infrastructure Project reimbursement expenses in 2015 for previously approved Infrastructure Project costs that were expended by the Ohio Department of Transportation ("ODOT").
- » In 2015, the Commission made capital improvements totaling approximately \$105.8 million.

### Condensed Statement of Net Position Information (Dollars in Thousands)

	12/31/16	12/31/15	12/31/14
<b>Assets and Deferred Outflows of Resources</b>			
Cash and Investments	\$ 536,837	\$ 823,005	\$ 1,120,594
Other Noncapital Assets	25,724	27,496	24,351
Capital Assets, Net	1,461,604	1,407,745	1,371,393
<b>Total Assets</b>	<b>2,024,165</b>	<b>2,258,246</b>	<b>2,516,338</b>
Deferred Outflows of Resources	42,584	26,467	19,582
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 2,066,749</b>	<b>\$ 2,284,713</b>	<b>\$ 2,535,920</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>			
<b>Liabilities</b>			
Current Liabilities	\$ 122,762	\$ 116,473	\$ 105,102
Long-Term Liabilities	1,663,121	1,658,027	1,625,726
<b>Total Liabilities</b>	<b>1,785,883</b>	<b>1,774,500</b>	<b>1,730,828</b>
Deferred Inflows of Resources	1,885	888	—
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,787,768</b>	<b>1,775,388</b>	<b>1,730,828</b>
<b>Net Position</b>			
Net Investment in Capital Assets	930,174	844,818	778,519
Restricted	212,852	229,401	244,206
Unrestricted	(864,045)	(564,894)	(217,633)
<b>Total Net Position</b>	<b>278,981</b>	<b>509,325</b>	<b>805,092</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 2,066,749</b>	<b>\$ 2,284,713</b>	<b>\$ 2,535,920</b>

## Assets

The condensed statements of net position information on the previous page show that cash and investments decreased by \$286.2 million in 2016. This decrease was primarily the result of \$283.1 million in payments to ODOT for reimbursement of funds spent on Infrastructure Projects. See Note 10 of the financial statements for more detailed information on Infrastructure Project payments. The \$1.8 million decrease in other noncapital assets was due to a \$0.7 million decrease in receivables and a \$1.1 million decrease in inventories. The decrease in accounts receivable was primarily due to the payment of a related party receivable from ODOT. See Note 12 of the financial statements for more detailed information on this receivable. Inventories of ice melting materials decreased due to a decrease in the cost of salt from high prices in 2015 which were due to the unusually severe winter weather in 2014.

Cash and investments decreased by \$297.6 million in 2015. This decrease was primarily the result of \$298.6 million in payments to ODOT for reimbursement of funds spent on Infrastructure Projects. The \$3.1 million increase in other noncapital assets was due to a \$2.2 million increase in receivables and a \$0.9 million increase in inventories. The increase in accounts receivable was primarily due to increased *E-ZPass* toll revenue receivable from other toll agencies due to increased *E-ZPass* toll volume. Inventories of ice melting materials increased due to an increase in the cost of salt due to the unusually severe winter weather in 2014.

Capital assets increased by \$53.9 million in 2016 as the result of capital improvements of approximately \$126.0 million and depreciation expense of \$71.7 million. The 2016 capital improvements were primarily for the resurfacing of 98.4 lane miles of roadway, the full depth replacement of 41.1 lane miles and the rehabilitation of 31 bridges. Capital assets increased by \$36.4 million in 2015 as the result of capital improvements of approximately \$105.8 million and depreciation expense of \$69.4 million. The 2015 capital improvements were primarily for the resurfacing of 62.9 lane miles of roadway, the full depth replacement of 42.1 lane miles and the rehabilitation of 29 bridges. See Note 4 of the financial statements for more detailed information on the Commission's capital assets.

## Liabilities

Current liabilities increased by \$6.3 million in 2016 primarily as a result of a \$4.2 million increase in contracts payable, a \$2.4 million increase in unearned revenue, a \$0.9 million increase in bond interest and principal payable, and a \$0.8 million increase in amounts payable to other toll agencies. These increases were partially offset by a \$3.7 million decrease in infrastructure funds payable to ODOT. Current liabilities increased by \$11.4 million in 2015 primarily as a result of a \$7.7 million increase in infrastructure funds payable to ODOT, a \$1.3 million increase in unearned revenue and a \$1.0 million increase in bond interest and principal payable.

An increase in long-term liabilities of \$5.1 million in 2016 was primarily the result of a \$19.9 million increase in net pension liability and an increase in principal on capital appreciation bonds of \$19.9 million offset by principal payments on outstanding bonds of \$31.0 million and a reduction of \$2.8 million in unamortized bond premiums. Excluding GASB 68, a decline in long-term liabilities of \$15.8 million in 2015 was primarily the result of principal payments on outstanding bonds of \$29.4 million offset by interest added to principal on capital appreciation bonds of \$18.7 million and a reduction of \$2.8 million in unamortized bond premiums. See Note 6 of the financial statements for more detailed information on long-term debt activity.

On January 1, 2015, the Commission implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The net pension liability recognized by the Commission at December 31, 2015 was \$48.1 million.

As described in Note 7 of the financial statements, the Commission has commitments for capital projects and major repairs and replacements of \$38.8 million as of December 31, 2016. It is anticipated that these commitments will be financed from the Commission's cash balances. However, at the discretion of the Commission, additional bonds may be issued in the future to finance a portion of these costs.

The Ohio Turnpike and Infrastructure Commission's credit rating is among the highest of all the toll roads in the world. The current agency ratings are as follows:

<u>Agency</u>	<u>Senior Lien Bond Rating</u>	<u>Junior Lien Bond Rating</u>
Standard & Poor's	AA-	A+
Fitch Ratings	AA	A+
Moody's Investors Service	Aa3	A1

## Net Position

Net investment in capital assets increased by \$85.4 million during 2016 as a result of \$31.0 million of bond principal payments combined with the \$53.9 million increase in capital assets. Of the \$212.9 million balance of restricted net position, \$170.3 million is restricted for debt service and \$40.9 million is restricted for capital improvements, in accordance with provisions of the Commission's Master Trust Agreement. The remaining \$1.7 million of restricted net position represents accumulated Ohio fuel tax allocations, which are also restricted for future capital improvements in accordance with Ohio law. The \$16.5 million decrease in restricted net position during 2016 is due to a \$15.5 million decrease in amounts restricted for capital projects, an additional \$1.2 million restricted for debt service and a \$2.2 million decrease in the amount of restricted Ohio fuel tax allocations. The \$299.2 million decrease in unrestricted net position is primarily due to a \$230.3 million decrease in net position as a result of 2016 expenses that exceeded revenues. Expenses exceeded revenues in 2016, primarily due to the \$279.4 million in expense incurred for Ohio Department of Transportation projects. See Note 10 for a description of State Infrastructure Payments. It is anticipated that expenses will continue to exceed revenues for the next few years as the Commission funds the remaining state infrastructure projects.

Net investment in capital assets increased by \$66.3 million during 2015 as a result of \$29.4 million of bond principal payments combined with the \$36.4 million increase in capital assets. Of the \$229.4 million balance of restricted net position, \$169.1 million is restricted for debt service and \$56.4 million is restricted for capital improvements, in accordance with provisions of the Commission's Master Trust Agreement. The remaining \$3.9 million of restricted net position represents accumulated Ohio fuel tax allocations, which are also restricted for future capital improvements in accordance with Ohio law. The \$14.8 million decrease in restricted net position during 2015 is due to a \$18.9 million decrease in amounts restricted for capital projects, an additional \$1.4 million restricted for debt service and a \$2.7 million increase in the amount of restricted Ohio fuel tax allocations. Unrestricted net position decreased \$347.3 million from 2014, of which \$40.9 million of the decrease was the result of a cumulative effect restatement of beginning net position due to the implementation of GASB Statements No. 68 and 71. Please refer to Note 1, Summary of Significant Accounting Policies, for additional information regarding the GASB 68 and 71 implementations and the impact on the financial statements. The remaining \$306.4 million decrease in unrestricted net position is due to a \$254.9 million decrease in net position as a result of 2015 expenses that exceeded revenues, the increase in the amount of net investment in capital assets and the decrease in funds restricted for debt service and capital projects.

## Changes in Net Position Information (Dollars in Thousands)

	Years Ended		
	12/31/16	12/31/15	12/31/14
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Tolls	\$ 288,439	\$ 280,187	\$ 264,621
Special Toll Permits	3,427	3,413	3,460
Concessions	16,325	16,120	15,078
Other	4,976	4,248	4,114
<b>Nonoperating Revenues:</b>			
State Fuel Tax Allocation	2,834	2,751	2,487
Investment Earnings	4,617	5,456	6,269
<b>Total Revenues</b>	<b>320,618</b>	<b>312,175</b>	<b>296,029</b>
<b>Expenses:</b>			
<b>Operating Expenses:</b>			
Administration and Insurance	11,484	10,178	9,762
Maintenance of Roadway and Structures	39,596	35,562	36,702
Services and Toll Operations	55,383	51,513	50,646
Traffic Control, Safety, Patrol, and Communications	14,487	13,885	13,657
Depreciation	71,663	69,364	65,826
<b>Nonoperating Expenses:</b>			
Payments to the Ohio Department of Transportation	279,368	306,265	190,810
Interest Expense	79,108	80,579	81,130
Gain on Disposals / Write-Offs of Capital Assets	(127)	(312)	(261)
<b>Total Expenses</b>	<b>550,962</b>	<b>567,034</b>	<b>448,272</b>
<b>Change in Net Position</b>	<b>(230,344)</b>	<b>(254,859)</b>	<b>(152,243)</b>
<b>Net Position - Beginning of Year</b>	<b>509,325</b>	<b>805,092</b>	<b>957,335</b>
<b>Cumulative effect of change in accounting principle</b>	<b>-</b>	<b>(40,908)</b>	<b>-</b>
<b>Net position at beginning of year, as restated <sup>(1)</sup></b>	<b>509,325</b>	<b>764,184</b>	<b>957,335</b>
<b>Net Position - End of Year</b>	<b>\$ 278,981</b>	<b>\$ 509,325</b>	<b>\$ 805,092</b>

(1) Beginning net position for fiscal year 2015 was restated as discussed in Note 1.

Toll revenues are the major source of funding for the Ohio Turnpike and Infrastructure Commission. Passenger car traffic volume increased by 3.2 percent and commercial traffic volume increased by 1.2 percent during 2016. Passenger car traffic volume increased by 4.4 percent and commercial traffic volume increased by 3.3 percent during 2015.

<b>Traffic Volume (vehicles in thousands):</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Passenger Cars	43,472	42,110	40,345
Commercial Vehicles	11,425	11,284	10,923
<b>Total</b>	<b>54,897</b>	<b>53,394</b>	<b>51,268</b>

The number of miles traveled by passenger cars increased by 1.6 percent while the miles traveled by commercial vehicles increased by 0.5 percent during 2016. Toll rates were increased for all classes of vehicles by 2.7 percent on January 1, 2016. The toll rate increase and the increase in passenger car vehicle miles traveled was partially offset by the effect of increased *E-ZPass* use, which resulted in an increase in toll revenue from passenger cars of approximately \$3.9 million or 3.2 percent. Revenues from commercial vehicles increased \$4.4 million or 2.8 percent in 2016 as a result of the toll rate increase and the increase in commercial vehicle miles traveled.

The number of miles traveled by passenger cars increased by 4.8 percent while the miles traveled by commercial vehicles increased by 3.6 percent during 2015. Toll rates were increased for all classes of vehicles by 2.7 percent on January 1, 2015. The toll rate increase and the increase in passenger car vehicle miles traveled was partially offset by the effect of increased *E-ZPass* use, which resulted in an increase in toll revenue from passenger cars of approximately \$7.3 million or 6.4 percent. Revenues from commercial vehicles increased \$8.3 million or 5.5 percent in 2015 as a result of the toll rate increase and the increase in commercial vehicle miles traveled.

<b>Toll Revenues (dollars in thousands):</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Passenger Cars	\$ 126,063	\$ 122,183	\$ 114,871
Commercial Vehicles	162,376	158,004	149,750
<b>Total</b>	<b>\$ 288,439</b>	<b>\$ 280,187</b>	<b>\$ 264,621</b>

Total expenses decreased by \$16.1 million or 2.8 percent in 2016 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, increased \$6.6 million from 2015 due primarily to a \$4.1 million increase in pension expenses and a \$2.0 million increase in employee health benefit costs. See Note 8, Pension Plan, for more information on pension costs. The 12.8 percent increase in Administration and Insurance expense was primarily due to the increase in fringe benefit costs. The 11.3 percent increase in Maintenance of Roadway and Structures expense is the result of higher fringe benefit costs, higher contamination remediation costs and higher salt costs due to an increase in the price of salt. The 7.5 percent increase in Services and Toll Operations expense is due primarily to the increase in fringe benefit costs and higher credit card fees. The Commission made \$279.4 million in payments to ODOT in 2016 to pay for Infrastructure Projects. See Note 10, Payments for State Infrastructure Projects, for more information on these payments. Interest expense decreased \$1.5 million in 2016 primarily due to an increase in capitalized interest on construction projects.

Total expenses increased by \$118.8 million or 26.5 percent in 2015 compared to the prior year. Fringe benefit expenses, which are allocated to each area based on wages, decreased \$1.0 million from 2014 due to lower pension expenses due to the implementation of GASB 68 and lower workers' compensation costs. See Notes 1 and 8 for more information on the effects of implementing GASB 68. The 4.3 percent increase in Administration and Insurance expense was primarily due to an increase in outside legal and professional fees. The 3.1 percent decrease in Maintenance of Roadway and Structures expense is the result of lower wages in 2015 compared to the harsher winter weather in 2014 partially offset by higher salt costs due to an increase in the price of salt. The 1.7 percent increase in Services and Toll Operations expense is due primarily to higher credit card fees. The Commission made \$306.3 million in payments to ODOT in 2015 to pay for Infrastructure Projects. See Note 10, Payments for State Infrastructure Projects, for more information on these payments. Interest expense decreased \$0.5 million in 2015 due to the payments made on outstanding debt.



## Statements of Net Position (In Thousands)

	12/31/16	12/31/15
<b>Assets and Deferred Outflows of Resources</b>		
<b>Current Assets:</b>		
<b>Unrestricted Current Assets:</b>		
Cash and Cash Equivalents	\$ 38,324	\$ 69,121
Investments, at Fair Value	79,893	39,684
Accounts Receivable	16,786	16,159
Inventories	5,771	6,903
Other	1,881	1,924
<b>Total Unrestricted Current Assets</b>	<b>142,655</b>	<b>133,791</b>
<b>Restricted Current Assets:</b>		
Cash and Cash Equivalents	21,446	15,583
Investments, at Fair Value	70,477	73,461
State Fuel Tax Allocation Receivable	484	444
Other	624	1,922
<b>Total Restricted Current Assets</b>	<b>93,031</b>	<b>91,410</b>
<b>Total Current Assets</b>	<b>235,686</b>	<b>225,201</b>
<b>Noncurrent Assets:</b>		
Restricted Cash and Cash Equivalents	13,449	118,172
Restricted Investments, at Fair Value	313,248	506,985
Net Pension Asset	178	143
Capital Assets, Net	1,461,604	1,407,745
<b>Total Noncurrent Assets</b>	<b>1,788,479</b>	<b>2,033,045</b>
<b>Total Assets</b>	<b>2,024,165</b>	<b>2,258,246</b>
<b>Deferred Outflows of Resources</b>	42,584	26,467
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$2,066,749</b>	<b>\$2,284,713</b>
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Current Liabilities:</b>		
<b>Current Liabilities Payable from Unrestricted Assets:</b>		
Accounts Payable	\$ 5,025	\$ 4,629
Accrued Wages and Benefits	3,552	2,999
Compensated Absences	4,723	4,972
Claims and Judgments	1,323	976
Contamination Remediation Costs Payable	895	237
Other Liabilities	11,361	8,997
Toll Agency Payable	4,137	3,369
<b>Total Current Liabilities Payable from Unrestricted Assets</b>	<b>31,016</b>	<b>26,179</b>
<b>Current Liabilities Payable from Restricted Assets:</b>		
Accrued Wages and Benefits	10	24
Contracts Payable and Retained Amounts	13,200	8,952
Infrastructure Funds Payable to Ohio Department of Transportation	22,195	25,934
Interest Payable	23,821	24,389
Bonds Payable	32,520	30,995
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>91,746</b>	<b>90,294</b>
<b>Total Current Liabilities</b>	<b>122,762</b>	<b>116,473</b>
<b>Noncurrent Liabilities:</b>		
Net Pension Liability	67,956	48,051
Compensated Absences	5,701	5,113
Claims and Judgments	475	471
Contamination Remediation Costs Payable	500	478
Bonds Payable	1,588,489	1,603,914
<b>Total Noncurrent Liabilities</b>	<b>1,663,121</b>	<b>1,658,027</b>
<b>Total Liabilities</b>	<b>1,785,883</b>	<b>1,774,500</b>
<b>Deferred Inflows of Resources</b>	1,885	888
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,787,768</b>	<b>1,775,388</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	930,174	844,818
Restricted For Debt Service	170,287	169,117
Restricted For Capital Projects	42,565	60,284
Unrestricted	(864,045)	(564,894)
<b>Total Net Position</b>	<b>278,981</b>	<b>509,325</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$2,066,749</b>	<b>\$2,284,713</b>

The accompanying notes are an integral part of these financial statements.

**Statements of Revenues, Expenses and Changes in Net Position** (In Thousands)

	For the Years Ended	
	12/31/16	12/31/15
<b>Operating Revenues:</b>		
<b>Pledged as Security for Revenue Bonds:</b>		
Tolls	\$ 288,439	\$ 280,187
Special Toll Permits	3,427	3,413
Concessions	15,631	15,432
Leases and Licenses	1,154	1,031
Other Revenues	3,812	3,214
<b>Unpledged Revenues:</b>		
Concessions	694	688
Other Revenues	10	3
<b>Total Operating Revenues</b>	313,167	303,968
<b>Operating Expenses:</b>		
Administration and Insurance	11,484	10,178
Maintenance of Roadway and Structures	39,596	35,562
Services and Toll Operations	55,383	51,513
Traffic Control, Safety, Patrol, and Communications	14,487	13,885
Depreciation	71,663	69,364
<b>Total Operating Expenses</b>	192,613	180,502
<b>Operating Income</b>	120,554	123,466
<b>Nonoperating Revenues / (Expenses):</b>		
State Fuel Tax Allocation	2,834	2,751
Investment Earnings Pledged as Security for Revenue Bonds	2,056	2,033
Investment Earnings - Unpledged	2,561	3,423
Gain on Disposals of Capital Assets	127	312
Ohio Department of Transportation Infrastructure Project Expense	(279,368)	(306,265)
Interest Expense	(79,108)	(80,579)
<b>Total Nonoperating Revenues / (Expenses)</b>	(350,898)	(378,325)
<b>Decrease in Net Position</b>	(230,344)	(254,859)
<b>Net Position -- Beginning of Year</b>	509,325	805,092
Cumulative effect of change in accounting principle	-	(40,908)
<b>Net Position -- Beginning of Year, as Restated</b>	509,325	764,184
<b>Net Position -- End of Year</b>	\$ 278,981	\$ 509,325

The accompanying notes are an integral part of these financial statements.

## Statements of Cash Flows (In Thousands)

	For the Years Ended	
	12/31/16	12/31/15
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Customers	\$ 307,484	\$ 298,108
Cash Received from Other Operating Revenues	8,189	6,293
Cash Payments for Employee Salaries, Wages and Fringe Benefits	(74,502)	(72,278)
Cash Payments for Goods and Services	(39,160)	(41,762)
<b>Net Cash Provided by Operating Activities</b>	<b>202,011</b>	<b>190,361</b>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Payments to the Ohio Department of Transportation	(283,107)	(298,570)
State Fuel Tax Allocation	2,794	2,709
<b>Net Cash Used in Noncapital Financing Activities</b>	<b>(280,313)</b>	<b>(295,861)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Proceeds from Sale of Assets	555	366
Acquisition and Construction of Capital Assets	(118,238)	(102,828)
Principal Paid on Bonds	(30,995)	(29,445)
Interest Paid on Bonds	(64,279)	(65,812)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(212,957)</b>	<b>(197,719)</b>
<b>Cash Flows from Investing Activities:</b>		
Interest Received on Investments	5,544	5,955
Proceeds from Sale and Maturity of Investments	800,714	663,711
Purchase of Investments	(644,656)	(343,846)
<b>Net Cash Provided by Investing Activities</b>	<b>161,602</b>	<b>325,820</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(129,657)</b>	<b>22,601</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>202,876</b>	<b>180,275</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 73,219</b>	<b>\$ 202,876</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income	\$ 120,554	\$ 123,466
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	71,663	69,364
Change in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
Accounts Receivable	227	(2,323)
Inventories	1,132	(879)
Other Assets	15	69
Net Pension Asset	(35)	(105)
Deferred Pension Outflows of Resources	(17,884)	(2,633)
Accounts Payable	396	709
Accrued Salaries, Wages and Benefits	539	(460)
Net Pension Liability	19,905	1,085
Compensated Absences	339	(4)
Claims and Judgments	351	(752)
Contamination Remediation	680	(61)
Other Liabilities	3,132	1,997
Deferred Pension Inflows of Resources	997	888
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 202,011</b>	<b>\$ 190,361</b>
<b>Noncash Investing and Capital Activities:</b>		
Decrease in Fair Value of Investments	\$ (756)	\$ (385)
Disposals / Write-Offs of Capital Assets	(428)	(53)
Increase in Capital Assets due to Capitalized Interest Costs	(3,466)	(2,376)
Decrease in Capital Assets due to Change in Contracts Payable	(4,247)	(565)
Gain from Capital Asset Trade-in	(5)	(4)
Amortization of Bond Premiums and Refunding Losses Classified as Interest Expense	1,017	1,017
Accretion in Capital Appreciation Bonds	19,879	18,742

The accompanying notes are an integral part of these financial statements.

## **Notes to Financial Statements**

**For the Years ended December 31, 2016 and 2015**

### **(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity**

In accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14)*, the accompanying financial statements include only the accounts and transactions of the Ohio Turnpike and Infrastructure Commission ("Commission", "Ohio Turnpike" or "Turnpike"). Under the criteria specified in these GASB Statements, the Commission is considered a component unit of the State of Ohio because the Governor appoints the voting members of the Commission and the State is financially accountable for the Commission since the State has the potential to receive a financial benefit from the Commission. The Commission has no component units.

#### **Basis of Accounting**

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by GASB. The statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All transactions are accounted for in a single proprietary (enterprise) fund.

#### **Implementation of GASB Statements No. 68 and No. 71**

During 2015, the Commission implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. GASB Statement No. 68 requires employers participating in cost-sharing multiple-employer pension plans to recognize a proportionate share of the net pension liabilities of the plans. The Commission participates in the Public Employees Retirement System of Ohio ("OPERS"). A proportionate share of the net pension liabilities of the retirement system has been allocated to the Commission, based on retirement plan contributions for Commission employees. The cumulative effect of adopting GASB Statements No. 68 and No. 71 was a \$40,908,000 reduction in the Commission's net position as of January 1, 2015. Balances reported for the year ended December 31, 2014 have not been restated due to limitations on the information available from the retirement system. Additional information regarding net pension liabilities, related deferrals and pension expense is provided in Note 8.

#### **New Accounting Pronouncements**

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The implementation of this Statement had no impact on the Commission's financial statements or disclosures.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. The Commission has not determined the impact that this Statement will have on its financial statements or disclosures.

During 2016, the Commission implemented GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 79 enhances comparability of financial statements by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement and with consistent application of an amortized cost-based measurement for financial reporting purposes.

During 2016, the Commission implemented GASB issued Statement No. 80, *Blending Requirements for Certain Component Units*. The implementation of this Statement had no impact on the Commission's financial statements or disclosures.

During 2016, the Commission implemented GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The implementation of this Statement had no impact on the Commission's financial statements or disclosures.

In March 2016, GASB issued Statement No. 82, *Pension Issues*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2018. The Commission has not determined the impact, if any, that this Statement will have on its financial statements or disclosures.

#### **Net Position Classifications**

GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, require the classification of net position into the following three components:

- » Net Investment in Capital Assets – consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balance of borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- » Restricted – consisting of net position, the use of which is limited by external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, constitutional provisions or enabling legislation.
- » Unrestricted – consisting of net position that does not meet the definition of "net investment in capital assets" or "restricted".

#### **Cash Equivalents**

Cash equivalents are defined as highly liquid investments, including overnight repurchase agreements, negotiated order of withdrawal accounts, money market funds and certificates of deposit maturing within 90 days of purchase. Commission investments in overnight repurchase agreements and money market mutual funds, which have remaining maturities of one year or less, are carried at amortized cost, which approximates fair value.

**Investments**

In the accompanying Statements of Net Position, investments are comprised of certificates of deposit maturing beyond 90 days of purchase, U.S. instrumentality securities and shares in the State Treasury Asset Reserve of Ohio ("STAR Ohio") investment pool. Commission investments in STAR Ohio are carried at amortized cost, which approximates fair value. All other Commission investments are recorded at fair value based on quoted market prices with all related investment income, including the change in the fair value of investments and realized gains and losses, reflected in the Commission's net income.

STAR Ohio is an investment pool created pursuant to Ohio statutes and is managed by the Treasurer of the State of Ohio. The Commission does not own identifiable securities of the pool; rather, it participates as a shareholder of the pool. STAR Ohio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with the provisions of GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. The fair value of the Commission's position in the pool is the same as the value of the pool shares. For the years ended December 31, 2016 and 2015, there were no limitations on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**Accounts Receivable**

Accounts receivable consist of various tolls, charges and amounts due from individuals, commercial companies and other agencies and concession revenues receivable from operators of food and fuel concessions at the Commission's service plazas. Toll accounts receivable from E-ZPass® post-paid customers are guaranteed by a surety bond. Reserves for uncollectible accounts receivable are established based on specific identification and historical experience.

**Inventories**

Inventories consist of materials and supplies that are valued at cost (first-in, first-out). The cost of inventory items is recognized as an expense when used.

**Property and Depreciation**

Property, roadway, and equipment with an original cost of \$1,000 or more are capitalized and reported at cost, net of accumulated depreciation. The costs of normal maintenance and repairs are charged to operations as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Description	Years
Buildings, roadway and structures	40
Bridge painting and guardrail	20
Roadway resurfacing	8-12
Building improvements	10
Machinery, equipment and vehicles	5-10

Depreciation expense is included in the Statements of Revenues, Expenses and Changes in Net Position.

**Capitalization of Interest**

Capitalized interest is included in the cost of constructed assets and is depreciated on the straight-line basis over the estimated useful lives of such assets. The amount of interest capitalized is based on the cost of assets under construction and the interest cost of eligible borrowings, less investment earnings, if any, on the related bond proceeds. Interest of \$3,466,000 and \$2,376,000 was capitalized for the years ended December 31, 2016 and 2015, respectively.

**Deferred Outflows of Resources**

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Commission's deferred outflows of resources is related to the net pension liability and unamortized refunding gains/losses on debt. See Note 5 for more information.

**Bond Issuance Costs, Discounts / Premiums, and Advance Debt Refundings**

Bond issuance costs are expensed as incurred. Unamortized bond discounts and premiums are netted against long-term debt. Bond discounts and premiums are amortized to interest expense over the lives of the applicable bonds. Unamortized advance debt refunding losses are classified as deferred outflows of resources and are amortized to interest expense over the lives of the refunded bonds.

**Compensated Absences**

Vacation leave accumulates to all full-time employees of the Commission, ranging from 10 to 25 days per year, and any unused amounts are paid upon retirement or termination. The Commission records a liability for all vacation leave earned.

Sick leave accumulates to all full-time employees of the Commission, at the rate of 15 days per year with additional amounts for overtime worked. A portion of unused sick leave may be payable at the request of an employee or upon termination or retirement. The Commission uses the vesting method to calculate its liability for unused sick leave, to the extent that it is probable that benefits will be paid in cash.

**Pensions**

Net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Ohio Public Employees Retirement System ("OPERS") Pension Plan, and additions to/deductions from OPERS' fiduciary net position, have been determined on the same basis as they are reported by OPERS. OPERS uses the economic resources measurement focus and the full-accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expense when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Inflows of Resources**

In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an

inflow of resources (revenue) until that time. The Commission's deferred inflows of resources is related to the net pension liability. More detailed information can be found in Note 8.

### Operating / Nonoperating Activities

Operating revenues and expenses, as reported on the Statements of Revenues, Expenses and Changes in Net Position, are those that result from exchange transactions such as payments received for providing services and payments made for goods and services received.

Tolls, the principal source of Commission operating revenues, are recognized as vehicles use the Turnpike. For toll calculation purposes, through September 30, 2009 vehicles were assigned to one of eleven weight-based classifications. Tolls were assessed based on the vehicle classification and the distance traveled. Effective October 1, 2009, the Commission implemented a new toll collection system that includes electronic toll collection in the form of *E-ZPass*®, which is interoperable among a network of 38 northeastern U.S. toll agencies. Concurrent with the implementation of the new toll collection system and *E-ZPass*, the Commission converted its weight-based vehicle classification system to a methodology that classifies vehicles based upon the number of axles and the height over the first two axles. Axle-based toll rates were implemented along with *E-ZPass* on October 1, 2009. As an incentive to utilize electronic tolling, toll rates are lower for customers who use *E-ZPass* than for those who pay at the toll booths.

In addition to tolls, the other major source of operating revenue is concessions from the operation of the Commission's service plazas. Concession revenues arise from contracts entered into for the operation of the restaurants and service stations on the Turnpike. The operators pay fees based in part on percentages of gross sales (as defined in the respective contracts). As provided by Ohio law, the Commission also receives nonoperating revenue of five cents in Ohio fuel taxes for each gallon of fuel sold at the Commission's service plazas. The Commission's revenues are recognized when the operators make the sales. All other revenues are recognized when earned.

Operating expenses include the costs of operating and maintaining the Commission's roadway, bridges, toll plazas, service plazas and other facilities, as well as administrative expenses and depreciation on capital assets. The Commission's practice is to first apply restricted resources when expenditures are made for purposes for which both unrestricted and restricted resources are available.

Nonoperating revenue includes revenue from activities that have the characteristics of nonexchange transactions, such as the allocation of Ohio fuel tax revenues, investment earnings, payments to the Ohio Department of Transportation ("ODOT"), interest expense and gains/losses on disposals/write-offs of capital assets. The implication is that such activities are derived from more passive efforts related to the acquisition of the revenue, rather than the earning of it.

### Reclassifications

Certain amounts from the prior year have been reclassified. On the statements of net position, \$112,500,000 has been reclassified from restricted current investments to restricted noncurrent investments to conform to the current year presentation. Total assets have not been affected by this change.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

## (2) DEPOSITS AND INVESTMENTS

### Deposits

The Commission had \$329,000 and \$331,000 in undeposited cash on hand at December 31, 2016 and December 31, 2015, respectively. The carrying amount of the Commission's deposits as of December 31, 2016 was \$12,731,000 as compared to bank balances of \$14,372,000. The carrying amount of the Commission's deposits as of December 31, 2015 was \$11,428,000 as compared to bank balances of \$13,071,000. All of the bank balances were covered by federal depository insurance or collateralized with securities held in joint custody accounts in the name of the pledging financial institution at the Federal Reserve Bank of Boston, Massachusetts.

### Investments

The Commission categorizes its fair value measurements at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2016 the Commission's investments had the following recurring fair value measurements (in thousands):

Investment Type	2016	Level 1	Level 2
Federal National Mortgage Association	\$ 109,641	\$ -	\$ 109,641
Federal Farm Credit Bureau	70,784	-	70,784
Federal Home Loan Mortgage Corporation	64,316	-	64,316
Federal Home Loan Bank	49,401	-	49,401
United State Treasury Notes	16,005	-	16,005
<b>Total Investments</b>	<b>\$ 310,147</b>	<b>\$ -</b>	<b>\$ 310,147</b>

As of December 31, 2015 the Commission's investments had the following recurring fair value measurements (in thousands):

Investment Type	2015	Level 1	Level 2
Federal National Mortgage Association	\$ 342,060	\$ -	\$ 342,060
Federal Home Loan Mortgage Corporation	198,587	-	198,587
Federal Home Loan Bank	69,296	-	69,296
<b>Total Investments</b>	<b>\$ 609,943</b>	<b>\$ -</b>	<b>\$ 609,943</b>

The State Treasury Asset Reserve of Ohio of \$153,470,000 in 2016 and \$10,187,000 in 2015 are valued at amortized cost, which approximates fair value.

The U.S. Instrumentalities of \$310,147,000 in 2016 and \$609,943,000 in 2015 are valued using a matrix pricing model technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

Federal Farm Credit Bureau securities totaling \$70,784,000, Federal National Mortgage Association securities totaling \$97,108,000, and Federal Home Loan Mortgage Corporation securities totaling \$11,133,000 with maturities between one and five years, are callable within one year from December 31, 2016. Federal National Mortgage Association securities totaling \$64,163,000 and Federal Home Loan Mortgage Corporation securities totaling \$98,355,000 with maturities between one and five years, are callable within one year from December 31, 2015.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting exposure to fair value losses arising from rising interest rates, the Commission's Investment Policy provides that selection of investment maturities be consistent with projected cash requirements and the objective of avoiding the forced sale of securities prior to maturity. In addition, the Commission's Investment Policy and Ohio law prescribe that all Commission investments mature within five years of purchase, unless the investment is matched to a specific obligation or debt of the Commission.

As of December 31, 2016, the Commission's investment balances (in thousands) and maturities, excluding call provisions, were as follows:

Investment Type	Fair Value	Maturities (in Years)	
		Less than 1	1-5
State Treasury Asset Reserve of Ohio*	\$ 153,470	\$ 153,470	\$ -
Federal National Mortgage Association	109,641	2,693	106,947
Federal Farm Credit Bureau	70,784	-	70,784
Federal Home Loan Mortgage Corporation	64,316	53,184	11,133
Collateralized Overnight Repurchase Agreements*	59,197	59,197	-
Federal Home Loan Bank	49,401	31,435	17,966
United States Treasury Notes	16,005	16,005	-
Money Market Mutual Funds*	953	953	-
Negotiable Order of Withdrawal Accounts*	10	10	-
<b>Total Investments</b>	<b>\$ 523,777</b>	<b>\$ 316,947</b>	<b>\$ 206,830</b>

\* Valued at amortized cost

As of December 31, 2015, the Commission's investment balances (in thousands) and maturities, excluding call provisions, were as follows:

Investment Type	Fair Value	Maturities (in Years)	
		Less than 1	1-5
Federal National Mortgage Association	\$ 342,060	\$ 268,189	\$ 73,871
Federal Home Loan Mortgage Corporation	198,587	55,206	143,381
Collateralized Overnight Repurchase Agreements*	104,035	104,035	-
Negotiable Order of Withdrawal Accounts*	86,471	86,471	-
Federal Home Loan Bank	69,296	59,316	9,980
State Treasury Asset Reserve of Ohio*	10,187	10,187	-
Money Market Mutual Funds*	611	611	-
<b>Total Investments</b>	<b>\$ 811,247</b>	<b>\$ 584,015</b>	<b>\$ 227,232</b>

\* Valued at amortized cost

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Commission's Investment Policy authorizes investments in obligations of the U.S. Treasury, U.S. agencies and instrumentalities, certificates of deposit, STAR Ohio, money

market mutual funds, repurchase agreements and General Obligations of the State of Ohio rated AA or higher by a rating service. As of the Statements of Net Position dates, the Commission's investments in U.S. instrumentalities (Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank, and Federal Farm Credit Bureau) were all rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. STAR Ohio, as well as the money market mutual funds in which the Commission had investments, were rated AAAm by Standard & Poor's.

**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, the Commission will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Commission's Investment Policy requires that all deposits be secured by collateral held in safekeeping for the benefit of the Commission by a Federal Reserve Bank. The Commission's Investment Policy also requires that, excluding Debt Service Fund investments, all U.S. Treasury Obligations, U.S. Agency Obligations, U.S. Instrumentality Obligations, and General Obligations of the State of Ohio purchased by the Commission be held in third-party safekeeping for the benefit of the Commission at a bank or savings and loan association that is eligible to be a depository of public moneys under Section 135.04 of the Ohio Revised Code and that is also authorized under Ohio law to act as trustee for the safekeeping of securities.

As of the Statements of Net Position dates, all Commission deposits and investments in overnight repurchase agreements and negotiable order of withdrawal accounts were fully secured by collateral held in joint custody accounts in the name of the Ohio Turnpike and Infrastructure Commission and the pledging financial institution at the Federal Reserve Bank of Boston, Massachusetts. Excluding Debt Service Fund investments, all U.S. Instrumentality Obligations held by the Commission were held in safekeeping for the benefit of the Commission by the Trust Department at Fifth Third Bank, Cincinnati, Ohio as of December 31, 2016 and December 31, 2015. As of December 31, 2016 and December 31, 2015, Debt Service Fund investments in U.S. instrumentality securities with fair values totaling \$186,279,000 and \$186,044,000, respectively, were held by The Huntington National Bank ("Trustee") for the payment of interest and principal on the Commission's outstanding bonds as required by the Commission's Master Trust Agreement as amended and supplemented, see Note 6. Assets held by the Trustee as a custodial agent are considered legally separate from the other assets of The Huntington National Bank.

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Commission's Investment Policy provides that 100 percent of its average monthly portfolio may be invested in U.S. Treasury Obligations, fixed-rate non-callable U.S. Agency or Instrumentality Obligations, or collateralized overnight repurchase agreements. The Investment Policy further provides that a maximum of 50 percent of its average monthly portfolio may be invested in callable U.S. Agency or Instrumentality Obligations, STAR Ohio or certificates of deposit. The Investment Policy also provides that a maximum of 25 percent of its average monthly portfolio may be invested in variable-rate U.S. Agency or Instrumentality Obligations, uncollateralized repurchase agreements, general obligations of the State of Ohio and money market mutual funds. As of December 31, 2016, more than five percent of the Commission's portfolio was invested in collateralized overnight repurchase agreements and STAR Ohio as well as each of the following U.S. instrumentalities: Federal National Mortgage Association, Federal Farm Credit Bureau, Federal Home Loan Mortgage Corporation, Federal Home Loan Bank. As of December 31, 2015, more than five percent of the Commission's portfolio was invested in collateralized overnight repurchase agreements and collateralized negotiable order of withdrawal accounts, as well as each of the following U.S. instrumentalities: Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation.

**(3) ACCOUNTS RECEIVABLE**

The composition of unrestricted accounts receivable (in thousands) as of December 31, is summarized as follows:

	<b>2016</b>	<b>2015</b>
Tolls	\$ 14,547	\$ 13,529
Concessions	1,318	1,628
Other	1,013	1,153
Less: Allowance for Doubtful Accounts	(92)	(151)
<b>Total Accounts Receivable</b>	<b>\$ 16,786</b>	<b>\$ 16,159</b>

**(4) CAPITAL ASSETS**

Capital asset activity (in thousands) for the years ended December 31, 2016 and 2015 was as follows:



	Balance 12/31/15	Increases	Decreases	Balance 12/31/16
Capital Assets Not Being Depreciated:				
Land	\$ 38,211	\$ -	\$ -	\$ 38,211
Construction In Progress	24,578	120,196	(126,613)	18,161
Total Capital Assets Not Being Depreciated	62,789	120,196	(126,613)	56,372
Other Capital Assets:				
Roadway and Structures	1,788,975	117,582	(7,789)	1,898,768
Buildings and Improvements	503,493	9,031	(387)	512,137
Machinery and Equipment	88,478	5,760	(5,317)	88,921
Total Other Capital Assets at Historical Cost	2,380,946	132,373	(13,493)	2,499,826
Less Accumulated Depreciation for:				
Roadway and Structures	(797,029)	(49,000)	7,500	(838,529)
Buildings and Improvements	(176,244)	(15,008)	359	(190,893)
Machinery and Equipment	(62,717)	(7,655)	5,200	(65,172)
Total Accumulated Depreciation	(1,035,990)	(71,663)	13,059	(1,094,594)
Other Capital Assets, Net	1,344,956	60,710	(434)	1,405,232
<b>Total Capital Assets, Net</b>	<b>\$ 1,407,745</b>	<b>\$ 180,906</b>	<b>\$ (127,047)</b>	<b>\$ 1,461,604</b>

	Balance 12/31/14	Increases	Decreases	Balance 12/31/15
Capital Assets Not Being Depreciated:				
Land	\$ 38,211	\$ -	\$ -	\$ 38,211
Construction In Progress	6,476	101,982	(83,880)	24,578
Total Capital Assets Not Being Depreciated	44,687	101,982	(83,880)	62,789
Other Capital Assets:				
Roadway and Structures	1,726,826	81,284	(19,135)	1,788,975
Buildings and Improvements	500,997	2,596	(100)	503,493
Machinery and Equipment	88,663	3,791	(3,976)	88,478
Total Other Capital Assets at Historical Cost	2,316,486	87,671	(23,211)	2,380,946
Less Accumulated Depreciation for:				
Roadway and Structures	(769,503)	(46,661)	19,135	(797,029)
Buildings and Improvements	(161,633)	(14,711)	100	(176,244)
Machinery and Equipment	(58,644)	(7,993)	3,920	(62,717)
Total Accumulated Depreciation	(989,780)	(69,365)	23,155	(1,035,990)
Other Capital Assets, Net	1,326,706	18,306	(56)	1,344,956
<b>Total Capital Assets, Net</b>	<b>\$ 1,371,393</b>	<b>\$ 120,288</b>	<b>\$ (83,936)</b>	<b>\$ 1,407,745</b>

## (5) DEFERRED OUTFLOWS OF RESOURCES

The composition of deferred outflows of resources (in thousands) as of December 31, is summarized as follows:

	2016	2015
Unamortized Refunding Gains/Losses	\$ 16,049	\$ 17,816
Deferred Pension Outflows of Resources	26,535	8,651
<b>Total Deferred Outflows of Resources</b>	<b>\$ 42,584</b>	<b>\$ 26,467</b>

## (6) LONG-TERM OBLIGATIONS

In accordance with Ohio law and the Commission's Amended and Restated Master Trust Agreement ("Senior Lien Trust Agreement"), dated April 8, 2013, as amended by the Nineteenth Supplemental Trust Agreement, and the Junior Lien Master Trust Agreement ("Junior Lien Trust Agreement"), dated August 1, 2013, as amended by the first supplemental Junior Lien Trust Agreement (collectively, the "Trust Agreements") the Commission has issued revenue bonds payable solely from the Commission's System Pledged Revenues, as defined by the Trust Agreements. The bond proceeds have been used to either help fund the purchase or construction of capital assets, to refund other Turnpike revenue bonds or to fund infrastructure

projects constructed by ODOT. Gross Pledged Revenues include tolls, special toll permits, certain realized investment earnings, appropriations from ODOT (if any), and revenue derived from leases, licenses, royalties, advertising, miscellaneous sales, fees, charges and certain concession revenues. The Commission's outstanding bonds do not constitute general obligations of the Commission or the State of Ohio. Neither the general credit of the Commission nor the State of Ohio is pledged for the payment of the bonds.

Under the terms of the Trust Agreements, the Commission covenants to charge and collect sufficient tolls in order that annual Gross Pledged Revenues equal at least the sum of the following: 1) annual operating, maintenance and administrative costs paid from Pledged Revenues; 2) required deposits to maintain an expense reserve account equal to one-twelfth of budgeted annual operating, maintenance and administrative costs paid from Pledged Revenues; 3) budgeted annual amounts for renewal and replacement costs; and 4) composite annual debt service on its outstanding bonds.

The Commission also covenants that its System Pledged Revenues (annual Gross Pledged Revenues less annual operating, maintenance and administrative costs paid from Pledged Revenues and the required annual deposit to the expense reserve account) will equal at least 120 percent of the composite annual net debt service on its outstanding bonds. The Commission also covenants that its System Pledged Revenues during the fiscal year immediately preceding the issuance of additional senior lien bonds, or during any 12 consecutive calendar months selected by the Commission out of the 15 consecutive calendar months immediately preceding such issuance, will equal at least 150 percent of the maximum annual debt service on its senior lien bonds then outstanding and the senior lien bonds proposed to be issued. The Commission also covenants that, based on reasonable assumptions, its System Pledged Revenues are projected to be at least 150 percent of composite annual debt service for the then current year and each successive year during which the junior lien bonds then outstanding, the senior lien bonds then outstanding, the junior lien bonds proposed to be issued and any senior lien bonds then proposed to be issued will be outstanding.

The Commission also covenants that prior to reducing any toll rates on other than a temporary basis, it will engage the services of an independent consultant to estimate the Commission's Gross Pledged Revenues for each year during which Commission bonds are scheduled to be outstanding and, based on these estimated revenues, the Commission covenants that its System Pledged Revenues will equal at least 150 percent of its net composite annual debt service for each year during which Commission bonds are scheduled to be outstanding. The Commission has reviewed its bond covenants and determined that it is in compliance for 2016 and 2015.

In addition, the Commission has, by resolution, declared its intention as a matter of policy to use its best efforts to maintain a ratio of System Pledged Revenues to net senior lien debt service of at least 200 percent. Other than in connection with the issuance of additional bonds or the implementation of a toll reduction on other than a temporary basis, the Commission has no obligation to meet such coverage levels or to maintain a policy of doing so, and the Commission may rescind that policy at any time.

The Senior Lien Trust Agreement requires the Commission to establish and maintain a Debt Service Reserve Account ("DSRA") equal to the maximum annual debt service on its outstanding senior lien bonds. The senior lien DSRA may be funded either with cash or one or more Reserve Account Credit Facilities obtained from an issuer that has been assigned one of the two highest ratings by each rating agency that rates the Commission's bonds. Due to the downgrade in the credit rating of the issuers of the Commission's Reserve Account Credit Facilities, the Commission has fully funded its DSRA with cash. Those funds were invested and are included in Investments, at Fair Value in restricted current assets.

The Junior Lien Trust Agreement requires the Commission to establish and maintain a DSRA equal to the average annual debt service on its outstanding junior lien bonds. The junior lien DSRA may be funded either with cash or one or more Reserve Account Credit Facilities obtained from an issuer that has been assigned one of the two highest ratings by each rating agency which rates the Commission's bonds. In connection with the issuance of its junior lien bonds, the Commission deposited \$79,070,000 of junior lien bond proceeds into its junior lien DSRA, which deposit is restricted for debt service. Those funds were invested and are included in Investments, at Fair Value in restricted current assets.

Changes in long-term obligations (in thousands) for 2016 and 2015 are as follows:

	Balance 12/31/15	Increases	Decreases	Balance 12/31/16	Amounts Due Within One Year
Revenue Bonds Payable:					
Principal Payable	\$ 1,593,353	\$ 19,879	\$ (30,995)	\$ 1,582,237	\$ 32,520
Unamortized Premiums - Net	41,556	-	(2,784)	38,772	-
Total Revenue Bonds Payable	1,634,909	19,879	(33,779)	1,621,009	32,520
Net Pension Liability	48,051	19,905	-	67,956	-
Compensated Absences	10,085	5,844	(5,505)	10,424	4,723
Claims and Judgments	1,447	12,695	(12,344)	1,798	1,323
Contamination Remediation	715	840	(160)	1,395	895
<b>Totals</b>	<b>\$ 1,695,207</b>	<b>\$ 59,163</b>	<b>\$ (51,788)</b>	<b>\$ 1,702,582</b>	<b>\$ 39,461</b>

	Balance 12/31/14	Increases	Decreases	Balance 12/31/15	Amounts Due Within One Year
Revenue Bonds Payable:					
Principal Payable	\$ 1,604,056	\$ 18,742	\$ (29,445)	\$ 1,593,353	\$ 30,995
Unamortized Premiums - Net	44,339	-	(2,783)	41,556	-
Total Revenue Bonds Payable	1,648,395	18,742	(32,228)	1,634,909	30,995
Net Pension Liability	-	48,051	-	48,051	-
Compensated Absences	10,089	5,779	(5,783)	10,085	4,972
Claims and Judgments	2,199	10,110	(10,862)	1,447	976
Contamination Remediation	776	-	(61)	715	237
<b>Totals</b>	<b>\$ 1,661,459</b>	<b>\$ 82,682</b>	<b>\$ (48,934)</b>	<b>\$ 1,695,207</b>	<b>\$ 37,180</b>

Revenue bonds, payable (in thousands) as of December 31, 2016, are summarized as follows:

	Original Amount	Average Yield	Bonds Payable
<b>Senior Lien Debt</b>			
1998 Series A:			
Serial Bonds maturing 2017 through 2021	\$ 168,180		\$ 113,380
Term Bonds due 2024 and 2026	130,395		130,395
Total 1998 Series A	298,575	4.89%	243,775
2009 Series A:			
Serial Bonds maturing through 2024	137,205	4.13%	76,185
2010 Series A:			
Serial Bonds maturing 2021 through 2027	93,920		93,920
Term Bonds due 2031	37,370		37,370
	131,290	4.55%	131,290
2013 Series A:			
Term Bonds due 2048	73,495	4.93%	73,495
Total Senior Lien Principal Issued/Outstanding	640,565		524,745
	Original Amount	Average Yield	Bonds Payable
<b>Junior Lien Debt</b>			
2013 Series A:			
Serial Bonds maturing 2019 through 2033	256,195		256,195
Term Bonds due 2039	113,075		113,075
Term Bonds due 2048	340,000		340,000
Capital Appreciation Bonds maturing 2036 through 2043	140,543		172,703
Convertible Capital Appreciation Bonds maturing 2034 through 2036	145,000		175,519
Total Junior Lien Principal Issued/Outstanding	994,813	5.43%	1,057,492
Total Principal Issued/Outstanding	\$ 1,635,378	5.31%	\$ 1,582,237
Add:			
Unamortized bond premiums - net			38,772
<b>Total Revenue Bonds Payable</b>			<b>\$ 1,621,009</b>

Minimum principal and interest payments (in thousands) on revenue bonds payable are as follows:

Year	Principal	Interest	Total
2017	\$ 32,520	62,664	\$ 95,184
2018	34,250	60,897	95,147
2019	44,120	58,830	102,950
2020	42,965	56,538	99,503
2021	39,630	54,362	93,992
2022 - 2026	267,270	283,652	550,922
2027 - 2031	181,690	245,670	427,360
2032 - 2036	257,581	292,223	549,804
2037 - 2041	221,989	429,885	651,874
2042 - 2046	279,982	265,820	545,802
2047 - 2048	180,240	9,120	189,360
<b>Totals</b>	<b>\$ 1,582,237</b>	<b>\$ 1,819,661</b>	<b>\$ 3,401,898</b>

### **Pollution Remediation Obligation**

The Commission has recorded a liability for pollution (including contamination) remediation obligations, which are obligations to address current or potential detrimental effects of existing pollution by participating in remediation activities such as site assessments and cleanups. The liability includes estimated contamination remediation costs to collect and dispose of slag leachate as required by the Ohio Environmental Protection Agency estimated at \$305,000 as of December 31, 2016 and 2015 and estimated contamination remediation costs to remediate soil and underground water contamination from underground petroleum storage tanks as required by the Ohio Bureau of Underground Storage Tank Regulations of \$1,090,000 and \$410,000 as of December 31, 2016 and 2015, respectively. The liability was estimated using the expected cash flow technique. The pollution remediation obligation is an estimate and is subject to changes resulting from price increases or decreases, technology, or changes in applicable laws or regulations.

## **(7) COMMITMENTS AND CONTINGENCIES**

### **Commitments**

The Commission has commitments as of December 31, 2016 and 2015 of approximately \$38,820,000 and \$47,893,000, respectively for capital projects as well as major repairs and replacements. It is anticipated that these commitments will be financed from the Commission's cash balances. However, at the discretion of the Commission, additional bonds may be issued in the future to finance a portion of these costs.

In addition, the Commission has issued purchase orders for goods and services not received amounting to approximately \$4,649,000 and \$6,666,000 as of December 31, 2016 and 2015, respectively.

### **Litigation**

The nature of the Commission's operations sometimes subjects the Commission to litigation, typically from daily operations of vehicles, equipment and from customer incidents. The management and the General Counsel for the Commission are of the opinion that any unfavorable outcome of such claims in excess of insurance coverage will not result in a material adverse effect on the Commission's financial position or results of operations.

On March 31, 2015, the Commission was served with a lawsuit filed in the Court of Common Pleas of Cuyahoga County ("State Court") in Cleveland, Ohio, challenging the series of 2.7 percent annual toll increases (the "Increased Tolls") authorized on the Ohio Turnpike, the first of which took effect on January 1, 2014. These Increased Tolls were approved by the Commission on July 15, 2013, in connection with the issuance on August 15, 2013 of the Commission's \$1,068,307,816 Turnpike Revenue Bonds, 2013 Series A (the "Bonds"). The Increased Tolls are described in the Official Statement for those Bonds dated July 31, 2013. Those Bonds are comprised of \$73,495,000 2013 Series A Senior Lien Bonds to pay costs of improvements on the Ohio Turnpike and \$994,812,816 2013 Series A Junior Lien Bonds to pay costs of certain highway infrastructure projects determined to have a "nexus" to the Ohio Turnpike under procedures and criteria established by Ohio law and by the Commission.

The lawsuit originally alleged that the Increased Tolls violated the Commerce and Equal Protection Clauses of the United States Constitution and the right to travel under the United States and Ohio Constitutions, and are an unlawful tax or user fee under Ohio law. However, the Honorable Dan Aaron Polster, United States District Judge, entered a Memorandum of Opinion and Order on August 25, 2015, which dismissed all federal claims, and did not rule on the one claim in which Plaintiff asserts that the Increased Tolls constitute an unlawful tax or user fee under Ohio law. This remaining claim was remanded back to State Court and on September 3, 2015 was re-stated by the Plaintiff as two claims, both challenging the Increased Tolls as unlawful under Ohio law. The Plaintiff continues to request class certification for the benefit of all Ohio Turnpike users who have paid the Increased Tolls, an order enjoining the Commission from continuing to collect the Increased Tolls and the repayment of all Increased Tolls collected since January 1, 2014. The Commission has requested that all claims now pending in State Court be dismissed because the Increased Tolls are authorized by Ohio law. On November 23, 2016, the Court granted permission to the Ohio Attorney General on behalf of the State of Ohio to intervene as a party in the lawsuit. The Attorney General has also requested the dismissal of all Plaintiff's claims.

The Commission cannot currently determine what effect, if any, the litigation might have on the operations or financial condition of the Commission.

### **Environmental Matters**

Due to the nature of operations at the Commission's service plazas and maintenance buildings, which include vehicle fueling facilities, the Commission may encounter underground fuel leaks or spills. The Commission, however, participates in the Petroleum Underground Storage Tank Release Compensation Board, which limits the Commission's financial liability to \$55,000 per incident, up to a maximum reimbursement of \$1,000,000 per incident or \$2,000,000 per calendar year. The Commission is unaware of any incidents that will exceed these limits.

### **Collective Bargaining**

Approximately 457 full-time, nonsupervisory, field employees in the Commission's Toll Operations and Maintenance Departments, approximately 195 part-time, nonsupervisory, field employees in the Toll Operations Department and approximately nine full-time radio operators are represented by the Teamsters Local Union No. 436, affiliated with the International Brotherhood of Teamsters.

In February 2014, the Commission ratified a three-year collective bargaining agreement with the full-time employees that is effective for the period January 1, 2014 through December 31, 2016. The agreement includes a bonus payment of \$1,100 in 2014 and annual wage increases of 2 percent effective January 4, 2015 and January 3, 2016 for full-time employees. The Commission also has reached an agreement with the part-time employees for the same time period of January 1, 2014 through December 31, 2016 which includes a bonus payment of \$800 in 2014 and annual wage increases of 2.5 percent and 2.0 percent effective January 4, 2015 and January 3, 2016, respectively. As of December 31, 2016, the Commission was in negotiations with the Union on a new three-year collective bargaining agreement.

## (8) PENSION PLAN

### Plan Description

The Commission contributes to the Ohio Public Employees Retirement System ("OPERS"). OPERS administers three separate pension plans as follows:

- A) The Traditional Pension Plan ("TP") – a cost-sharing, multiple-employer defined benefit pension plan.
- B) The Member-Directed Plan ("MD") – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the MD Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- C) The Combined Plan ("CO") – a cost-sharing, multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the TP Plan benefit. Member contributions, the investment of which are self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP and CO Plans. Members of the MD Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code ("ORC"). OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (800) 222-7377.

### Benefits Provided

Plan benefits are established under Chapter 145 of the ORC, as amended by Substitute Senate Bill 343 in 2012. The requirements to retire depend on years of service (15 to 30 years) and from attaining the age of 48 to 62, depending on when the employee became a member. Members retiring before age 65 with less than 30 years' service credit receive a percentage reduction in benefit. Member retirement benefits are calculated on a formula that considers years of service (15 to 30 years), age (48 to 62 years), and final average salary, using a factor ranging from 1.0 percent to 2.5 percent.

A plan member who becomes disabled before age 60 or at any age, depending on when the member entered the plan, and has completed 60 contributing months is eligible for a disability benefit.

A death benefit of \$500 to \$2,500 is determined by the number of years of service credit of the retiree. Benefits may transfer to a beneficiary upon death with 1.5 years of service credits with the plan obtained within the last 2.5 years, except for law enforcement and public safety personnel who are eligible immediately upon employment.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance after the employee's retirement date. The maximum annual adjustment, if applicable, is 3 percent of the employee's initial annual retirement allowance.

### Contributions

State retirement law requires contributions by covered employees and their employers, and Chapter 3307 of the ORC limits the maximum rate of contributions. The retirement boards of the systems individually set contributions rates within the allowable limits. The adequacy of employer contribution rates is determined annually by actuarial valuation using the entry age normal cost method. Under these provisions, each employer's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Member contributions are 10 percent of gross wages for all plans, set at the maximums authorized by the ORC. The plans' 2016 and 2015 employer contribution rates on covered payroll are as follows:

		Post-retirement		
	Pension	Health Care	Death Benefits	Total
2016	12.00%	2.00%	- %	14.00%
2015	12.00%	2.00%	- %	14.00%

The Commission's contributions to OPERS for the traditional and combined plans for the years ended December 31, 2016 and 2015 were \$6,431,000 and \$6,019,000, respectively, equal to 100 percent of the required contributions for each year. Contributions to the member-directed plan for 2016 were \$256,000 made by the Commission and \$183,000 made by plan members. At December 31, 2016, there was \$1,030,000 in amounts due to OPERS for employee and employer contributions included in Accrued Wages and Benefits on the Statement of Net Position.

### Net Pension Liability and Pension Expense

At December 31, 2016, the Commission reports a liability of \$67,956,000 for its proportionate share of the net pension liability for the Traditional Plan and an asset for its proportionate share of the net pension asset of \$178,000 for the Combined Plan. The net pension asset/liability was measured as of December 31, 2015. The total pension asset/liability used to calculate the net pension asset/liability was determined by an actuarial valuation as of December 31, 2015. The Commission's proportion of the net pension asset/liability is determined by a measure of the

Commission's proportionate relationship of employer contributions made to OPERS to the total contributions made to OPERS by all employers and non-employer contributing entities to the plan. The Commission's proportion of the net asset/liability is based on the Commission's long-term share of contributions to the plan as compared to the total projected long-term contributions of employers and all non-employer contributing entities. At December 31, 2015, the Commission's proportion was 0.392329 percent for the Traditional Plan and 0.365870 percent for the Combined Plan.

For the years ended December 31, 2016 and December 31, 2015, the Commission recognized pension expense of \$9,436,000 and \$5,315,000, respectively.

**Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2016, the Commission reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between Expected and Actual Experience	\$ 8,000	\$ 1,402,000
Net Difference between Projected and Actual Earnings on Pension Plan Investments	20,083,000	-
Change in Employer's Proportionate Share	2,000	483,000
Contributions subsequent to the measurement date	6,442,000	-
<b>Total</b>	<b>\$ 26,535,000</b>	<b>\$ 1,885,000</b>

At December 31, 2015, the Commission reports deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflow of Resources</b>	<b>Deferred Inflow of Resources</b>
Difference between Expected and Actual Experience	\$ 2,572,000	\$ 888,000
Contributions subsequent to the measurement date	6,079,000	-
<b>Total</b>	<b>\$ 8,651,000</b>	<b>\$ 888,000</b>

Deferred Outflows of Resources of \$6,442,000 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2017. Other amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended</b>	
<b>December 31:</b>	
2017	\$ 4,161,000
2018	\$ 4,485,000
2019	\$ 5,068,000
2020	\$ 4,529,000
2021	\$ (9,000)
Thereafter	\$ (26,000)
	<b>\$ 18,208,000</b>

**Actuarial Assumptions**

The Total Pension Liability is based on the results of an actuarial valuation determined using the following actuarial assumptions, applied to all periods included in the measurement for fiscal years ended December 31, 2016 and December 31, 2015:

	<b>Traditional Plan</b>	<b>Combined Plan</b>
Wage Inflation	3.75%	3.75%
Salary Increases (includes Wage Inflation)	4.25% – 10.05%	4.25% – 8.05%
Investment Rate of Return	8.00%	8.00%
COLA	3.00%	3.00%
Actuarial Cost Method	Individual Entry Age	
Valuation Dates	December 31, 2015 and December 31, 2014	

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Projection Scale AA.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period of five years ended December 31, 2010.

### Discount Rate

The discount rate used to measure the total pension liability was 8.0 percent for the fiscal years ended December 31, 2016 and December 31, 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

### Projected Cash Flows

The long term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the year ended December 31, 2016 in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.31%
Domestic Equity	20.70%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	18.30%	7.40%
Other Investments	18.00%	4.59%
<b>Total</b>	<b>100.00%</b>	<b>5.27%</b>

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized for the year ended December 31, 2015 in the following table:

	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Fixed Income	23.00%	2.31%
Domestic Equity	19.90%	5.84%
Real Estate	10.00%	4.25%
Private Equity	10.00%	9.25%
International Equities	19.10%	7.40%
Other Investments	18.00%	4.59%
<b>Total</b>	<b>100.00%</b>	<b>5.28%</b>

### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability (asset) as of December 31, calculated using the current period discount rate assumption of 8 percent. Also shown is what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (7 percent) or one percentage point higher (9 percent) than the current assumption:

	<u>1% Decrease (7%)</u>	<u>Current Discount Rate (8%)</u>	<u>1% Increase (9%)</u>
<b>2016</b>			
Net Pension Liability Traditional	\$ 108,271,000	\$ 67,956,000	\$ 33,952,000
Net Pension Liability (Asset) Combined	\$ (4,000)	\$ (178,000)	\$ (318,000)

### Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued OPERS financial report. You may obtain a copy of their report by visiting OPERS Web site at <https://www.opers.org/financial/report.shtml>.

## (9) OTHER POSTEMPLOYMENT BENEFITS

### Plan Description

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health plan, which includes medical, prescription drug program, and Medicare Part B premium reimbursement, for qualifying members of both the traditional pension and the combined plans. Members of the member directed plan do not qualify for ancillary benefits, including postemployment healthcare coverage.

In order to qualify for postretirement healthcare coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Healthcare coverage for disability recipients and qualified survivor benefit recipients is available. The healthcare coverage provided by OPERS meets the definition of an other postemployment benefit ("OPEB") as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614)222-5601 or (800)222-7377.

**Funding Policy**

The Ohio Revised Code provides statutory authority, requiring public employers to fund postretirement healthcare through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement healthcare benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016 and 2015, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employers. Active members do not make contributions to the OPEB plan.

OPERS' postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, OPERS board of trustees determines the portion of the employer contribution rate that will be set aside for funding of the postemployment healthcare benefits. The portion of employer contributions allocated to healthcare for members in the traditional plan was 2 percent during 2016. The portion of employer contributions allocated to healthcare for members in the combined plan was 2 percent during 2016. OPERS board of trustees is also authorized to establish rules for the payment of a portion of the healthcare benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Commission's contributions to OPERS for other postemployment benefits for the years ended December 31, 2016, 2015 and 2014 were \$1,072,000, \$1,003,000, and \$1,002,000, respectively, equal to 100 percent of the required contributions for each year.

**(10) PAYMENTS FOR STATE INFRASTRUCTURE PROJECTS**

On April 1, 2013, Ohio Governor John Kasich signed Am. Sub. H.B. 51 (H.B. 51) into law, creating a "public-public" partnership between the Commission and the Ohio Department of Transportation ("ODOT"). Effective July 1, 2013, H.B. 51 authorized the Commission to issue Turnpike Revenue Bonds as a means of funding certain transportation infrastructure projects ("Infrastructure Projects") as defined under Chapter 5537 of the Ohio Revised Code. H.B. 51 was enacted by the Ohio General Assembly to implement the Ohio Jobs and Transportation Plan proposed by Governor Kasich to address a significant funding shortfall announced by ODOT in January 2012 that would have required postponement of significant Ohio transportation projects. The plan contemplates the issuance of a total of \$1.5 billion of Turnpike revenue bonds for transportation projects between 2013 and 2018. Under H.B. 51, the Director of ODOT can apply to the Commission for funding for Infrastructure Projects provided those projects: (1) have been approved by the Transportation Review Advisory Council ("TRAC") that oversees a project selection process for major new transportation projects and; (2) have a "nexus" to the Turnpike System.

On July 15, 2013, the Commission's Board approved the issuance of the 2013 Junior Lien Bonds in order to fund \$930 million in Infrastructure Projects. In August 2013, the Director of ODOT submitted funding requests for Infrastructure Projects to the Commission for consideration and, on September 16, 2013, the Commission's Board approved the funding of a list of Infrastructure Projects totaling \$930 million. Through December 31, 2016, ODOT has expended \$784,419,000 on Infrastructure Projects and the Commission has reimbursed ODOT \$762,223,000 for ODOT's expenditures on these projects. It is anticipated that the entire \$930 million in 2013 Junior Lien Bond Proceeds will be paid to ODOT by the end of 2017. The status of the funding (in thousands) of each infrastructure project as of December 31, 2016 is as follows:

<b>County</b>	<b>Project</b>	<b>Approved Amount</b>	<b>Amount Expended by ODOT</b>	<b>Infrastructure Funds Paid to ODOT</b>
Cuyahoga	I-90 Innerbelt Bridge	\$ 275,020	\$ 269,073	\$ 268,613
Cuyahoga	Opportunity Corridor	14,000	8,336	8,043
Erie	US 250 Widening	14,000	12,525	12,486
Hancock/Wood	I-75 Widening	283,280	264,460	260,739
Lorain	SR 57	16,500	16,000	16,000
Lucas	I-75 and I-475 Interchange	122,200	64,377	57,703
Lucas	I-475 and Rt 20 Interchange	27,500	18,366	14,670
Lucas	I-75 Widening	63,000	48,674	43,965
Mahoning/Trumbull	I-80 Widening	65,500	36,046	33,442
Summit	I-271 Widening	49,000	46,562	46,562
		<b>\$ 930,000</b>	<b>\$ 784,419</b>	<b>\$ 762,223</b>



In February 2016, the Director of ODOT submitted to the Commission for consideration funding requests for additional Infrastructure Projects and, on April 18, 2016, the Commission's Board approved the funding of four additional Infrastructure Projects upon the successful completion of an issuance of Turnpike Revenue Bonds generating proceeds of at least \$200 million. ODOT began construction on these projects in 2016 and the Commission will enter into funding agreements to reimburse ODOT from the proceeds of the bond issuance once it is completed. The approved funding amount for each project (in thousands) is as follows:

County	Project	Amount
Cuyahoga	I-77 Widening	\$ 24,000
Cuyahoga	I-271 Widening	90,000
Summit	I-76/I-77 Interchanges	80,000
Mahoning	I-680/SR-164 Interchange	6,000
		<b>\$ 200,000</b>

## (11) RISK MANAGEMENT

The Commission is self-insured for workers' compensation and vehicle damage claims. The Commission is also self-insured for employee health claims, up to a maximum of \$250,000 per covered person per contract year. Employee health benefits are not subject to any lifetime maximum benefit payments.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claim liabilities are based upon the estimated ultimate cost of settling the claims, net of any subrogation recoveries from third parties, including specific incremental claim adjustment expenses.

"Claims and Judgments" as of December 31 of each year in the accompanying Statements of Net Position are comprised of the estimated liability for workers' compensation claims, the estimated liability for employee health claims, and the estimated liability for miscellaneous claims and judgments. The Commission is unaware of any unaccrued vehicle damage or unasserted workers' compensation claims as of December 31, 2016.

Claims and Judgments (in thousands) for the years ended December 31, are as follows:

	2016	2015
Workers' compensation claims	\$ 863	\$ 680
Employee health claims	871	758
Miscellaneous claims and judgments	64	9
<b>Total</b>	<b>\$ 1,798</b>	<b>\$ 1,447</b>

Changes in the liability for estimated workers' compensation claims, employee health claims and miscellaneous claims and judgments (in thousands) for the years ended December 31, were as follows:

	Estimated Claims Payable - Beginning of Year	Current Claims	Claims Payments	Estimated Claims Payable - End of Year
2016	\$ 1,447	\$ 12,695	\$ 12,344	\$ 1,798
2015	\$ 2,199	\$ 10,110	\$ 10,862	\$ 1,447
2014	\$ 1,855	\$ 10,813	\$ 10,469	\$ 2,199

The Commission purchases commercial insurance policies in varying amounts for general liability, vehicle liability, bridges, use and occupancy, damage to capital assets other than vehicles, and public officials and employee liability coverage. Paid claims have not exceeded the limits of the Commission's commercial insurance policies for each of the last three fiscal years. The Commission also pays unemployment claims to the State of Ohio as incurred.

## (12) RELATED PARTY TRANSACTIONS

Other restricted current assets for the year ended December 31, 2015 included an \$854,000 receivable from ODOT for reimbursement of amounts paid by the Commission for painting one of ODOT's bridges over the Ohio Turnpike.

**Schedule of Net Pension Liability** Last two Fiscal Years\*  
 Ohio Public Employees Retirement System  
 As of the Current Measurement Date  
 (Dollars in Thousands)

	2015	2014
<b>Employer's Proportion of the Collective Net Pension Asset / Liability</b>		
Traditional Plan	0.392329%	0.398393%
Combined Plan	0.365870%	0.373154%
<b>Employer's Proportionate Share of the Collective Net Pension Asset / (Liability)</b>		
Traditional Plan	\$ (67,956)	\$ (48,051)
Combined Plan	\$ 178	\$ 143
<b>Employer's Covered Payroll</b>		
Traditional Plan	\$ 48,829	\$ 48,843
Combined Plan	\$ 1,332	\$ 1,242
<b>Employers Proportionate Share of the Collective Net Pension Liability as a percentage of the Employer's Covered Payroll</b>		
Traditional Plan	139.17%	98.38%
Combined Plan	(13.36%)	(11.51%)
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>		
Traditional Plan	81.08%	86.45%
Combined Plan	116.90%	114.83%

\* The amounts presented for the current calendar year were determined as of the previous calendar year-end. Information prior to 2014 is not available.

**Schedule of Employer Contributions** Last two Fiscal Years\*

Ohio Public Employees Retirement System

(Dollars in Thousands)

	2016	2015
Statutory Required Employer Contribution	\$ 6,431	\$ 6,019
Actual Employer Contributions Received	6,431	6,019
Difference	\$ -	\$ -
Employer's Covered Payroll	\$ 53,589	\$ 50,161
Actual Employer Contributions Received as a Percentage of Covered Payroll	12.00%	12.00%

\* Information prior to 2015 is not available.

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**EXHIBIT D**

**TRAFFIC AND TOLL REVENUE FORECAST  
PREPARED BY JACOBS ENGINEERING**

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Submitted to:  
**Ohio Turnpike and  
Infrastructure Commission**



# Ohio Turnpike Traffic and Toll Revenue Forecast

August 25, 2017

Submitted by:  
Jacobs Engineering Group Inc.

Jacobs Engineering Group, Inc. (“Jacobs”) was retained by the Ohio Turnpike and Infrastructure Commission (the “Commission” or “OTIC”) to conduct this traffic and revenue forecast for the Ohio Turnpike (the “Turnpike”) in conjunction with the 2017 Toll Revenue Refunding Bond Sale. Jacobs analyzed historical traffic, vehicle miles of travel (VMT) and toll revenue data for the Turnpike to determine historical trends; reviewed previously correlated traffic with key economic indicators; and analyzed other key factors that have affected recent traffic patterns and that will affect future traffic behavior. In addition, Jacobs reviewed the historical expenditures for the Turnpike related to operations and maintenance (O&M) as well as other revenues realized by the Turnpike, and then estimated future O&M costs and other revenues.

The traffic and revenue forecasts are based on the current toll and fee schedule. The future toll schedules include those planned for annual adjustments through 2023. This Executive Summary presents the results of these work efforts, including a review of the overall forecasting methodology and a presentation of the final forecasts.

### **Turnpike Infrastructure Assumptions**

According to OTIC staff, there are no major planned or funded construction projects or improvements on the Turnpike that would positively or negatively affect Turnpike traffic for the extent of the forecast period. There are anticipated to be multiple minor projects that will be completed during the forecast period, including bridge replacements, pavement replacements, repaving, service plaza renovations and other Turnpike maintenance and capital projects. These projects, however, are to be completed during off peak hours with the maintenance of travel lanes to be consistent during peak travel times, thus having no significant detrimental impact on traffic levels. Additionally, there will be no improvements to the Turnpike during the extent of the forecast period that will increase capacity, add access points or otherwise change the current infrastructure of the Turnpike.

### **Tolling Policy Assumptions**

Ohio Turnpike tolling policy consists of the existing toll schedule that is broken down by origin and destination movements for each of the seven vehicle classes, and also by the two payment classes (cash and E-ZPass). The current toll schedule for the Ohio Turnpike has been in effect since January 1, 2017. Class 1 consists of 2-axle passenger vehicles. Vehicle class distinction is a function of the number of axles and height of the vehicle over the first two axles.

The toll policy assumed for the forecast period includes escalation of toll rates by the rate of inflation, with a floor of 2.7 percent per year, during a ten year period, to be implemented on January 1 of each year, starting back in January 1, 2014. There is,



however, one exception: the E-ZPass toll rates for Class 1 vehicles making trips below 30 miles on the Turnpike will remain constant for 10 years, from 2014 to 2023. For this analysis, the assumption is that inflation will remain at 2.7 percent or below and thus the escalation will remain at 2.7 percent through 2023. These increased tolls will be rounded to the nearest quarter with a minimum toll of \$0.50.

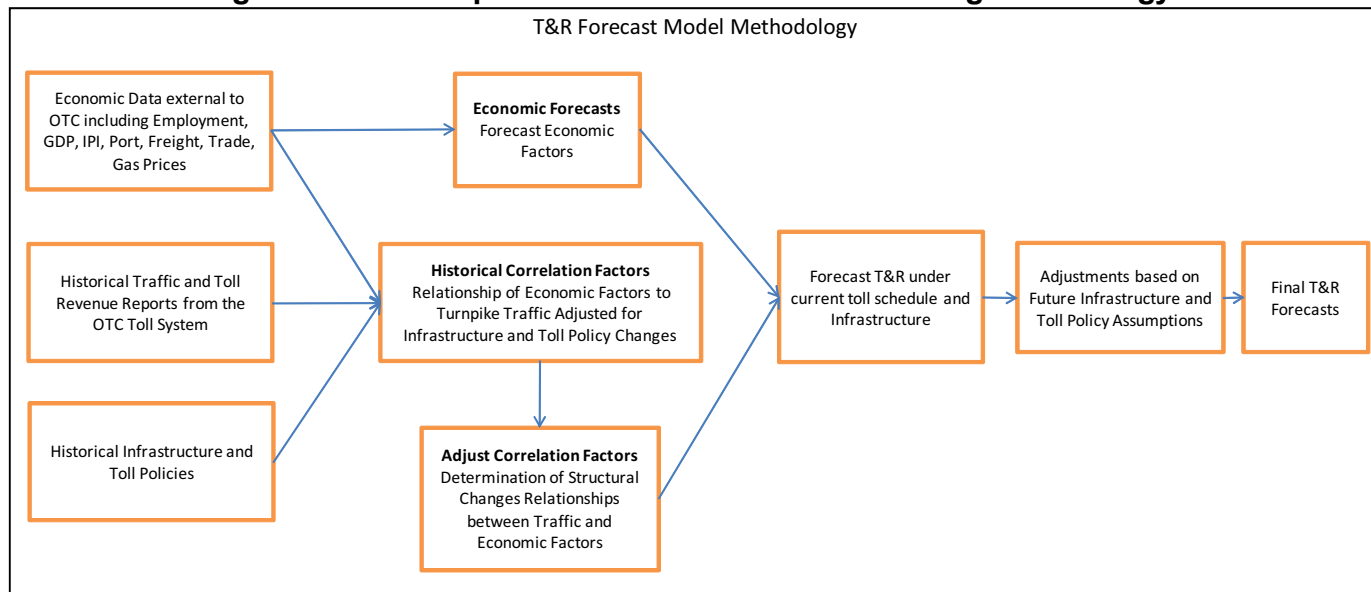
In 2024, tolls for Class 1 vehicles paying by E-ZPass for trips below 30 miles will experience a one-time increase to include the compounded inflation rate from 2014 to 2023, in order to come back in line with other vehicle classes. Starting in 2024, it is assumed that tolls will continue to be increased for each vehicle and payment class by 2.7 percent annually, implemented on January 1 of each year through 2028, (including Class 1 E-ZPass with trips under 30 miles). Starting in 2029, it is assumed that tolls will continue to be increased for each vehicle and payment class by 2.0 percent annually, implemented on January 1 of each year through 2056 (including Class 1 E-ZPass with trips under 30 miles).

### **T&R Study Methodology**

The economic and demographic factors that were analyzed include the following: Population by region; Employment by region; Real Gross Domestic Product by Region; and Industrial Production Index (IPI).

Combining the forecast of economic factors and correlation factors provides Turnpike traffic forecasts for existing infrastructure and toll policy. These forecasts were then adjusted to reflect toll schedule adjustments in the future. The first four factors listed were considered to be the most relevant from our correlation analysis of traffic to demographic and socio-economic factors. See Figure 1 for more detail.

**Figure 1: Ohio Turnpike Traffic and Revenue Forecasting Methodology**



### Forecasted Trips, VMT and Gross Toll Revenues

The estimates of future annual Turnpike trips, annual vehicle miles traveled (VMT) and annual gross toll revenues for the Turnpike are presented in Table 1, and are shown graphically in Figures 2 through 5. The estimates of gross toll revenues are in nominal dollars and do not include adjustments to account for violations; the violation rate is very low as all toll lanes are gated. The estimates are of a 90 percent confidence level suitable for financing.

The toll traffic and revenue forecasts were developed with the aid of a computerized modeling platform created specifically by Jacobs for the Turnpike. The base function of this model is to take current traffic volumes by class and payment type for each Turnpike travel movement (origin-destination pair) and adjust them in the future years for various factors such as underlying socio-economic/demographic growth in the corridor, both historic and current, as well as customer reactions to anticipated toll adjustments.

**Table 1: OTIC Toll Trips, VMT and Toll Revenues, in millions, 2013 to 2056**

Ohio Turnpike Annual Estimates of Traffic, VMT and Gross Toll Revenues										
Year	Trips		VMT		Toll Revenues		Avg Toll		Avg Trip Dist	
2013*	50.3	0.0%	2,827.7	0.0%	\$254.6	0.0%	\$5.06	0.0%	56.2	0.0%
2014*	51.3	1.9%	2,875.2	1.7%	\$264.6	3.9%	\$5.16	2.0%	56.1	-0.2%
2015*	53.4	4.1%	3,001.3	4.4%	\$280.2	5.9%	\$5.25	1.7%	56.2	0.2%
2016*	54.9	2.8%	3,037.6	1.2%	\$288.4	2.9%	\$5.25	0.1%	55.3	-1.6%
2017**	26.4		1,414.5		\$140.9		\$5.34		53.7	
2017	55.4	0.9%	3,028.4	-0.3%	\$297.8	3.3%	\$5.38	2.3%	54.7	-1.2%
2018	55.7	0.6%	3,049.1	0.7%	\$307.3	3.2%	\$5.51	2.5%	54.7	0.1%
2019	56.1	0.7%	3,068.2	0.6%	\$316.8	3.1%	\$5.65	2.4%	54.7	0.0%
2020	56.6	0.9%	3,092.4	0.8%	\$327.1	3.3%	\$5.78	2.4%	54.7	-0.1%
2021	57.0	0.7%	3,113.2	0.7%	\$337.6	3.2%	\$5.93	2.5%	54.6	0.0%
2022	57.4	0.8%	3,134.6	0.7%	\$348.3	3.2%	\$6.06	2.4%	54.6	-0.1%
2023	57.7	0.4%	3,152.7	0.6%	\$359.8	3.3%	\$6.24	2.8%	54.7	0.1%
2024	57.5	-0.4%	3,162.0	0.3%	\$373.3	3.8%	\$6.50	4.2%	55.0	0.7%
2025	57.8	0.5%	3,180.5	0.6%	\$385.3	3.2%	\$6.67	2.7%	55.1	0.1%
2026	58.0	0.5%	3,198.4	0.6%	\$398.2	3.4%	\$6.86	2.9%	55.1	0.1%
2027	58.2	0.2%	3,215.4	0.5%	\$412.1	3.5%	\$7.09	3.3%	55.3	0.3%
2028	58.5	0.5%	3,233.6	0.6%	\$425.9	3.3%	\$7.29	2.8%	55.3	0.1%
2029	58.8	0.6%	3,254.1	0.6%	\$437.4	2.7%	\$7.44	2.1%	55.3	0.0%
2030	59.2	0.7%	3,275.7	0.7%	\$448.9	2.6%	\$7.58	1.9%	55.3	0.0%
2031	59.5	0.5%	3,295.9	0.6%	\$461.2	2.7%	\$7.75	2.2%	55.4	0.1%
2032	59.9	0.6%	3,316.9	0.6%	\$474.1	2.8%	\$7.91	2.2%	55.4	0.0%
2033	60.2	0.5%	3,337.9	0.6%	\$486.9	2.7%	\$8.08	2.2%	55.4	0.1%
2034	60.6	0.6%	3,359.6	0.6%	\$499.9	2.7%	\$8.26	2.1%	55.5	0.1%
2035	60.9	0.5%	3,380.7	0.6%	\$514.3	2.9%	\$8.45	2.3%	55.5	0.1%
2036	61.3	0.6%	3,402.9	0.7%	\$528.1	2.7%	\$8.62	2.0%	55.5	0.0%
2037	61.8	0.8%	3,427.4	0.7%	\$542.5	2.7%	\$8.78	1.9%	55.5	-0.1%
2038	62.2	0.7%	3,451.0	0.7%	\$558.3	2.9%	\$8.97	2.2%	55.5	0.0%
2039	62.7	0.8%	3,476.0	0.7%	\$573.6	2.7%	\$9.15	1.9%	55.4	-0.1%
2040	63.1	0.6%	3,499.6	0.7%	\$590.3	2.9%	\$9.36	2.3%	55.5	0.1%
2041	63.5	0.7%	3,524.2	0.7%	\$607.4	2.9%	\$9.56	2.1%	55.5	0.0%
2042	64.0	0.8%	3,549.5	0.7%	\$624.8	2.9%	\$9.76	2.1%	55.4	0.0%
2043	64.6	0.8%	3,575.6	0.7%	\$642.0	2.7%	\$9.94	1.9%	55.4	-0.1%
2044	65.0	0.6%	3,600.9	0.7%	\$660.5	2.9%	\$10.17	2.2%	55.4	0.1%
2045	65.5	0.8%	3,627.4	0.7%	\$679.1	2.8%	\$10.37	2.0%	55.4	-0.1%
2046	65.9	0.5%	3,651.9	0.7%	\$699.5	3.0%	\$10.62	2.5%	55.5	0.2%
2047	66.4	0.8%	3,678.3	0.7%	\$719.2	2.8%	\$10.84	2.0%	55.4	0.0%
2048	66.9	0.9%	3,705.6	0.7%	\$739.6	2.8%	\$11.05	2.0%	55.4	-0.1%
2049	67.5	0.9%	3,733.3	0.7%	\$760.4	2.8%	\$11.27	1.9%	55.3	-0.1%
2050	68.0	0.8%	3,760.4	0.7%	\$783.1	3.0%	\$11.51	2.2%	55.3	-0.1%
2051	68.7	0.9%	3,789.7	0.8%	\$804.3	2.7%	\$11.72	1.8%	55.2	-0.1%
2052	69.2	0.8%	3,817.7	0.7%	\$827.6	2.9%	\$11.96	2.1%	55.2	-0.1%
2053	69.8	0.8%	3,846.0	0.7%	\$851.7	2.9%	\$12.21	2.1%	55.1	-0.1%
2054	70.3	0.7%	3,874.1	0.7%	\$877.0	3.0%	\$12.48	2.2%	55.1	0.0%
2055	70.9	0.9%	3,903.8	0.8%	\$902.0	2.8%	\$12.73	2.0%	55.1	-0.1%
2056	71.3	0.7%	3,932.6	0.7%	\$928.4	2.9%	\$13.02	2.3%	55.1	0.1%

\*Actual

Note: Toll increases are planned each year.

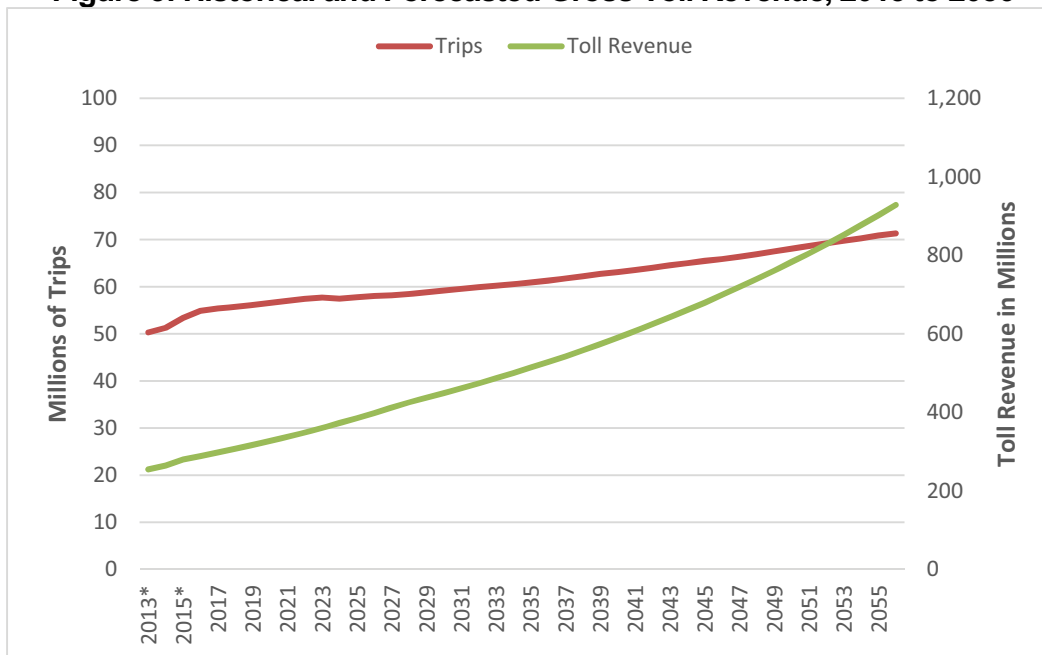
\*\*Actual January through June 2017

**Figure 2: Historical and Forecasted Trips and VMT, 2013 to 2056**



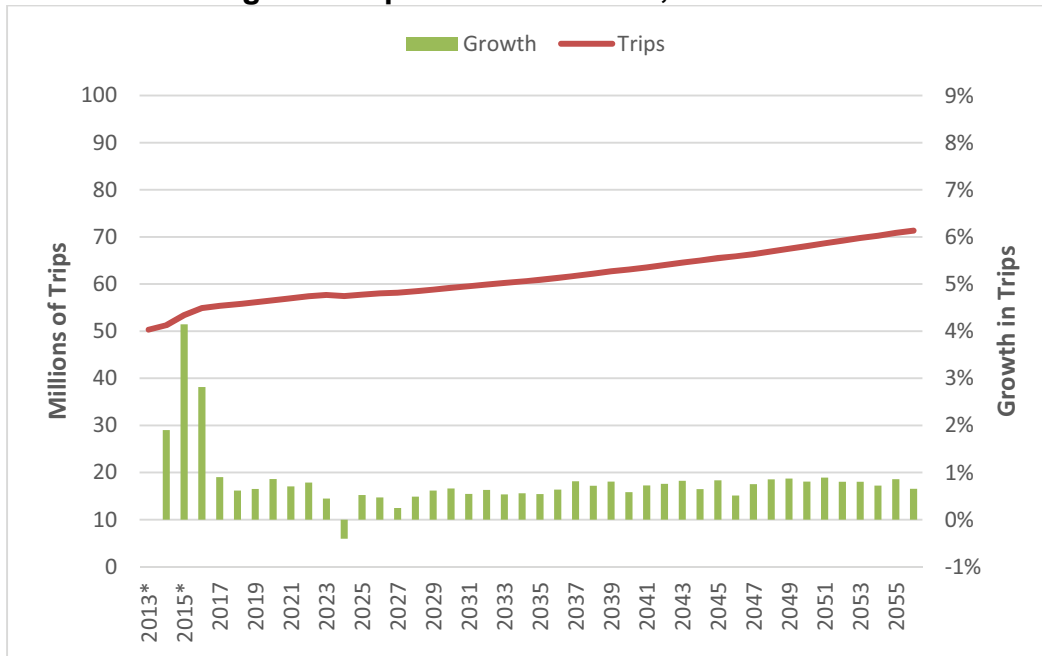
*Note: Toll increases are planned for each year.*

**Figure 3: Historical and Forecasted Gross Toll Revenue, 2013 to 2056**



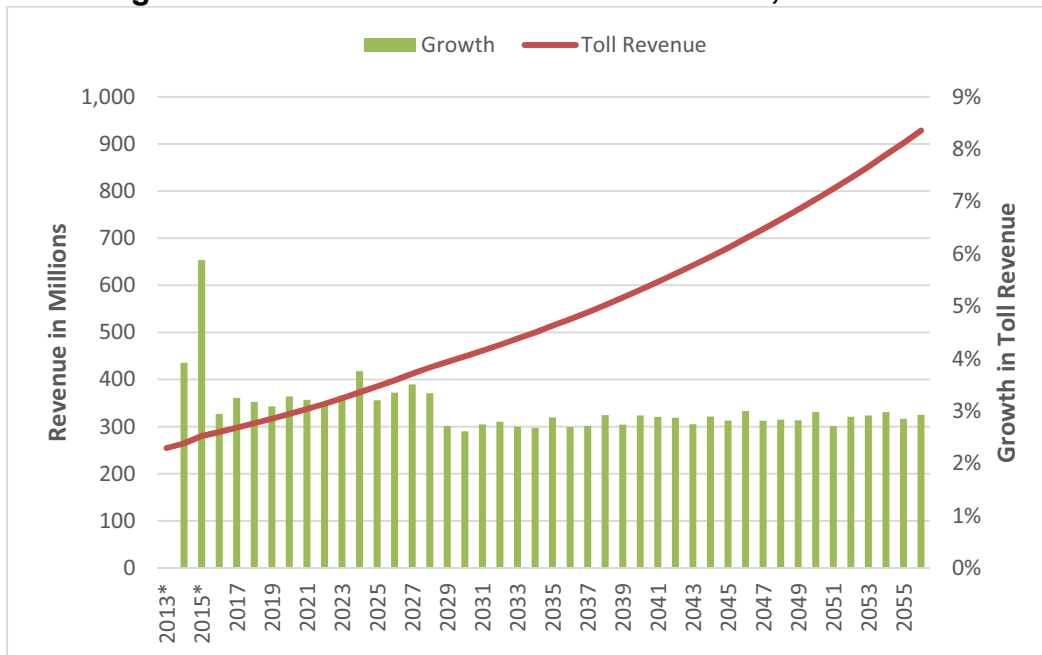
*Note: Toll increases are planned for each year.*

**Figure 4: Trip Growth Forecasts, 2015 to 2056**



Note: Toll increases are planned for each year.

**Figure 5: Gross Toll Revenue Growth Forecasts, 2015 to 2056**



Note: Toll increases are planned for each year.

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### **Forecast of O&M Costs**

Jacobs estimated future Operating and Maintenance (“O&M”) costs, as shown in Table 2, by reviewing the Commission’s future budget, applying inflation, and incorporating changes such as reductions in certain services, layoffs, and service plaza openings, and linking certain costs to the traffic and toll revenue forecasts.

**Table 2: Total O&M Expenditures, in millions**

Year	Administration		Insurance	Traffic Control, Safety, Patrol and Communications	Maintenance					Services and Toll Operation	Total Operating Costs	Annual Growth
	Admin. Personnel	Other Expenditures			Maintenance Personnel	Roadway and Facility Maintenance	Snow and Ice Control	Equipment	Other Expenditures			
2013*	\$6.6	\$1.7	\$1.0	\$14.0	\$7.6	\$11.0	\$8.0	\$6.6	\$1.8	\$50.4	\$108.7	
2014*	\$6.8	\$2.0	\$1.0	\$13.7	\$8.0	\$11.3	\$8.0	\$6.9	\$2.5	\$50.6	\$110.8	1.9%
2015*	\$7.0	\$2.3	\$1.0	\$13.9	\$8.3	\$11.9	\$7.5	\$5.9	\$2.2	\$51.9	\$111.9	1.0%
2016*	\$7.2	\$2.2	\$1.0	\$15.1	\$8.8	\$11.1	\$8.6	\$7.1	\$2.4	\$54.5	\$118.0	5.4%
2017**	\$3.7	\$1.1	\$0.5	\$7.5	\$4.4	\$6.0	\$4.3	\$3.5	\$1.2	\$27.6	\$59.8	
2017	\$7.8	\$2.1	\$1.1	\$14.2	\$9.1	\$12.5	\$8.1	\$5.4	\$2.3	\$55.7	\$118.3	0.3%
2018	\$8.0	\$2.2	\$1.1	\$14.5	\$9.3	\$12.9	\$8.3	\$5.6	\$2.4	\$57.4	\$121.6	2.8%
2019	\$8.2	\$2.3	\$1.1	\$14.9	\$9.6	\$13.2	\$8.5	\$5.7	\$2.4	\$59.0	\$125.0	2.8%
2020	\$8.5	\$2.3	\$1.2	\$15.3	\$9.8	\$13.6	\$8.8	\$5.9	\$2.5	\$60.8	\$128.6	2.8%
2021	\$8.7	\$2.4	\$1.2	\$15.8	\$10.1	\$13.9	\$9.0	\$6.0	\$2.6	\$62.6	\$132.2	2.8%
2022	\$8.9	\$2.4	\$1.2	\$16.2	\$10.3	\$14.3	\$9.2	\$6.2	\$2.6	\$64.4	\$135.9	2.8%
2023	\$9.2	\$2.5	\$1.3	\$16.6	\$10.6	\$14.7	\$9.5	\$6.4	\$2.7	\$66.3	\$139.7	2.8%
2024	\$9.4	\$2.6	\$1.3	\$17.1	\$10.9	\$15.1	\$9.7	\$6.5	\$2.8	\$68.2	\$143.6	2.8%
2025	\$9.7	\$2.6	\$1.3	\$17.5	\$11.2	\$15.5	\$10.0	\$6.7	\$2.8	\$70.2	\$147.6	2.8%
2026	\$9.9	\$2.7	\$1.4	\$18.0	\$11.5	\$15.9	\$10.3	\$6.9	\$2.9	\$72.2	\$151.8	2.8%
2027	\$10.2	\$2.8	\$1.4	\$18.5	\$11.8	\$16.3	\$10.6	\$7.1	\$3.0	\$74.3	\$156.0	2.8%
2028	\$10.5	\$2.9	\$1.4	\$19.0	\$12.1	\$16.8	\$10.8	\$7.3	\$3.1	\$76.4	\$160.3	2.8%
2029	\$10.7	\$2.9	\$1.5	\$19.5	\$12.5	\$17.2	\$11.1	\$7.5	\$3.2	\$78.6	\$164.8	2.8%
2030	\$11.0	\$3.0	\$1.5	\$20.0	\$12.8	\$17.7	\$11.4	\$7.7	\$3.2	\$80.9	\$169.4	2.8%
2031	\$11.3	\$3.1	\$1.6	\$20.6	\$13.2	\$18.2	\$11.7	\$7.9	\$3.3	\$83.2	\$174.1	2.8%
2032	\$11.6	\$3.2	\$1.6	\$21.1	\$13.5	\$18.7	\$12.1	\$8.1	\$3.4	\$85.6	\$178.9	2.8%
2033	\$12.0	\$3.3	\$1.7	\$21.7	\$13.9	\$19.2	\$12.4	\$8.3	\$3.5	\$88.1	\$183.9	2.8%
2034	\$12.3	\$3.4	\$1.7	\$22.3	\$14.2	\$19.7	\$12.7	\$8.5	\$3.6	\$90.6	\$189.0	2.8%
2035	\$12.6	\$3.4	\$1.7	\$22.9	\$14.6	\$20.2	\$13.1	\$8.8	\$3.7	\$93.2	\$194.3	2.8%
2036	\$13.0	\$3.5	\$1.8	\$23.5	\$15.0	\$20.8	\$13.4	\$9.0	\$3.8	\$95.9	\$199.7	2.8%
2037	\$13.3	\$3.6	\$1.8	\$24.1	\$15.4	\$21.3	\$13.8	\$9.3	\$3.9	\$98.7	\$205.3	2.8%
2038	\$13.7	\$3.7	\$1.9	\$24.8	\$15.8	\$21.9	\$14.2	\$9.5	\$4.0	\$101.6	\$211.1	2.8%
2039	\$14.0	\$3.8	\$1.9	\$25.5	\$16.3	\$22.5	\$14.5	\$9.8	\$4.1	\$104.5	\$217.0	2.8%
2040	\$14.4	\$3.9	\$2.0	\$26.1	\$16.7	\$23.1	\$14.9	\$10.0	\$4.2	\$107.5	\$223.0	2.8%
2041	\$14.8	\$4.0	\$2.0	\$26.8	\$17.2	\$23.7	\$15.3	\$10.3	\$4.4	\$110.6	\$229.2	2.8%
2042	\$15.2	\$4.2	\$2.1	\$27.6	\$17.6	\$24.4	\$15.7	\$10.6	\$4.5	\$113.8	\$235.7	2.8%
2043	\$15.6	\$4.3	\$2.2	\$28.3	\$18.1	\$25.0	\$16.2	\$10.9	\$4.6	\$117.1	\$242.2	2.8%
2044	\$16.0	\$4.4	\$2.2	\$29.1	\$18.6	\$25.7	\$16.6	\$11.2	\$4.7	\$120.5	\$249.0	2.8%
2045	\$16.5	\$4.5	\$2.3	\$29.9	\$19.1	\$26.4	\$17.1	\$11.5	\$4.8	\$124.0	\$256.0	2.8%
2046	\$16.9	\$4.6	\$2.3	\$30.7	\$19.6	\$27.1	\$17.5	\$11.8	\$5.0	\$127.6	\$263.1	2.8%
2047	\$17.4	\$4.7	\$2.4	\$31.5	\$20.1	\$27.8	\$18.0	\$12.1	\$5.1	\$131.3	\$270.5	2.8%
2048	\$17.8	\$4.9	\$2.5	\$32.3	\$20.7	\$28.6	\$18.5	\$12.4	\$5.2	\$135.1	\$278.0	2.8%
2049	\$18.3	\$5.0	\$2.5	\$33.2	\$21.2	\$29.4	\$19.0	\$12.7	\$5.4	\$139.0	\$285.8	2.8%
2050	\$18.8	\$5.1	\$2.6	\$34.1	\$21.8	\$30.2	\$19.5	\$13.1	\$5.5	\$143.1	\$293.8	2.8%
2051	\$19.3	\$5.3	\$2.7	\$35.0	\$22.4	\$31.0	\$20.0	\$13.4	\$5.7	\$147.2	\$302.0	2.8%
2052	\$19.8	\$5.4	\$2.7	\$36.0	\$23.0	\$31.8	\$20.6	\$13.8	\$5.8	\$151.5	\$310.5	2.8%
2053	\$20.4	\$5.6	\$2.8	\$37.0	\$23.6	\$32.7	\$21.1	\$14.2	\$6.0	\$155.9	\$319.2	2.8%
2054	\$20.9	\$5.7	\$2.9	\$38.0	\$24.3	\$33.6	\$21.7	\$14.6	\$6.2	\$160.4	\$328.1	2.8%
2055	\$21.5	\$5.9	\$3.0	\$39.0	\$24.9	\$34.5	\$22.3	\$15.0	\$6.3	\$165.1	\$337.3	2.8%
2056	\$22.1	\$6.0	\$3.1	\$40.0	\$25.6	\$35.4	\$22.9	\$15.4	\$6.5	\$169.9	\$346.8	2.8%

\*Actual with adjusted GASB Pension Expense Allocations for 2015 & 2016

\*\*Actual January through June 2017

### **Forecast of Other Pledged Revenues**

Roughly eight percent of current gross revenues collected by the Commission are not from tolls. Non-Toll (“Other”) Revenues consist mainly of concession revenues and special toll permits, which are generally expected to increase at the rate of inflation plus the rate of traffic growth.

“Other” pledged revenues (i.e., non-toll revenues) are shown in Table 3. These were forecasted based on the following assumptions:

- Special Toll Permits include fees for large combination vehicles (LCVs) and permits for oversize and overweight vehicles. These fees are assumed to remain constant in relative terms to toll rates. Revenue growth for this category is forecasted to be at the 2.0 percent rate of inflation plus the rate of traffic growth.
- Concession Revenues consist of both fixed and percentage-based revenues from sales at the Commission’s Service Plazas. Concession revenues are mainly comprised of restaurant and fuel sales, and common area maintenance charges, property management fees and capital improvement fees. These revenues were grown at the 2.7 percent rate of inflation plus traffic growth.
- Other Revenues include all the other pledged income to the Commission including E-ZPass transponder fees, licenses, tower leases, royalties and advertising, and are grown at the 2.7 percent rate of inflation.
- Investment Income was provided by the Commission and is based on the current plan of finance.



**Table 3: Ohio Turnpike Non-Toll (“Other”) Revenues in millions, 2013 to 2056**

Year	Other Revenue				
	Special Toll Permits	Concession	Other	Investment Earnings	Total
2013*	\$3.5	\$14.1	\$3.4	\$0.0	\$21.0
2014*	\$3.5	\$15.1	\$4.1	\$2.3	\$25.0
2015*	\$3.4	\$16.1	\$4.2	\$1.8	\$25.5
2016*	\$3.4	\$16.3	\$5.0	\$1.7	\$26.4
2017**	\$1.7	\$7.7	\$2.6	\$1.5	\$13.5
2017	\$3.6	\$16.7	\$4.5	\$1.3	\$26.1
2018	\$3.6	\$17.2	\$4.6	\$2.4	\$27.8
2019	\$3.7	\$17.9	\$4.7	\$2.9	\$29.2
2020	\$3.8	\$18.5	\$4.9	\$3.8	\$31.0
2021	\$3.8	\$19.1	\$5.0	\$3.7	\$31.6
2022	\$3.9	\$19.7	\$5.1	\$3.8	\$32.5
2023	\$4.0	\$20.3	\$5.3	\$3.8	\$33.4
2024	\$4.1	\$20.9	\$5.4	\$3.9	\$34.3
2025	\$4.2	\$21.6	\$5.5	\$3.9	\$35.2
2026	\$4.2	\$22.3	\$5.7	\$3.9	\$36.1
2027	\$4.3	\$23.1	\$5.9	\$4.0	\$37.3
2028	\$4.4	\$23.9	\$6.0	\$4.0	\$38.3
2029	\$4.5	\$24.7	\$6.2	\$4.1	\$39.5
2030	\$4.6	\$25.6	\$6.3	\$4.1	\$40.6
2031	\$4.7	\$26.5	\$6.5	\$4.1	\$41.8
2032	\$4.8	\$27.4	\$6.7	\$4.2	\$43.1
2033	\$4.9	\$28.3	\$6.9	\$4.2	\$44.3
2034	\$5.0	\$29.3	\$7.0	\$4.3	\$45.6
2035	\$5.1	\$30.3	\$7.2	\$4.3	\$46.9
2036	\$5.2	\$31.4	\$7.4	\$4.3	\$48.3
2037	\$5.3	\$32.5	\$7.6	\$4.4	\$49.8
2038	\$5.4	\$33.6	\$7.8	\$4.4	\$51.2
2039	\$5.5	\$34.8	\$8.1	\$4.5	\$52.9
2040	\$5.6	\$36.0	\$8.3	\$4.5	\$54.4
2041	\$5.7	\$37.3	\$8.5	\$4.5	\$56.0
2042	\$5.8	\$38.7	\$8.7	\$4.6	\$57.8
2043	\$5.9	\$40.0	\$9.0	\$4.6	\$59.5
2044	\$6.1	\$41.4	\$9.2	\$4.7	\$61.4
2045	\$6.2	\$42.9	\$9.4	\$4.7	\$63.2
2046	\$6.3	\$44.4	\$9.7	\$4.7	\$65.1
2047	\$6.4	\$46.0	\$10.0	\$4.8	\$67.2
2048	\$6.6	\$47.6	\$10.2	\$4.8	\$69.2
2049	\$6.7	\$49.2	\$10.5	\$10.1	\$76.5
2050	\$6.8	\$51.0	\$10.8	\$19.1	\$87.7
2051	\$7.0	\$52.8	\$11.1	\$26.5	\$97.4

2052	\$7.1	\$54.7	\$11.4	\$34.1	\$107.3
2053	\$7.2	\$56.5	\$11.7	\$41.6	\$117.0
2054	\$7.4	\$58.5	\$12.0	\$50.9	\$128.8
2055	\$7.5	\$60.5	\$12.3	\$62.3	\$142.6
2056	\$7.7	\$62.6	\$12.7	\$76.1	\$159.1

*\*Actual*

*\*\*Actual January through June 2017*

### Forecast of Net Revenues

Net revenues are the result of subtracting Operating and Maintenance (O&M) costs from total gross pledged revenues. Total gross pledged revenues include both Toll revenues and “Other” pledged revenues.

Table 4 presents the net revenues, calculated from the total Turnpike gross revenues (toll revenues plus other revenues) less O&M costs. The estimates of gross and net toll revenues are in nominal dollars.

We are of the opinion that the Turnpike has the ability to raise tolls and generate higher revenues than forecasted if the provisions of the Trust Agreement or other needs of the Commission require the generation of additional revenues.

**Table 4: Turnpike Revenues, O&M Costs and Net Revenues in millions, 2013 to 2056**

Year	Toll Revenues		Other Revenues		Total Revenues		O&M		Net Revenues	
2013*	\$254.6	0.0%	\$21.0	0.0%	\$275.6	0.0%	\$108.7	0.0%	\$166.9	0.0%
2014*	\$264.6	3.9%	\$25.0	19.0%	\$289.6	5.1%	\$110.8	1.9%	\$178.9	7.1%
2015*	\$280.2	5.9%	\$25.5	2.0%	\$305.7	5.5%	\$111.9	1.0%	\$193.8	8.3%
2016*	\$288.4	2.9%	\$26.4	3.5%	\$314.8	3.0%	\$118.0	5.4%	\$196.9	1.6%
2017**	\$140.9		\$13.5		\$154.4		\$59.8		\$94.6	
2017	\$297.8	3.3%	\$26.1	-1.1%	\$323.9	2.9%	\$118.3	0.3%	\$205.7	4.5%
2018	\$307.3	3.2%	\$27.8	6.5%	\$335.1	3.4%	\$121.6	2.8%	\$213.4	3.8%
2019	\$316.8	3.1%	\$29.2	5.0%	\$346.0	3.3%	\$125.0	2.8%	\$220.9	3.5%
2020	\$327.1	3.3%	\$31.0	6.2%	\$358.1	3.5%	\$128.6	2.8%	\$229.6	3.9%
2021	\$337.6	3.2%	\$31.6	1.9%	\$369.2	3.1%	\$132.2	2.8%	\$237.1	3.3%
2022	\$348.3	3.2%	\$32.5	2.8%	\$380.8	3.1%	\$135.9	2.8%	\$244.9	3.3%
2023	\$359.8	3.3%	\$33.4	2.8%	\$393.2	3.3%	\$139.7	2.8%	\$253.5	3.5%
2024	\$373.3	3.8%	\$34.3	2.7%	\$407.6	3.7%	\$143.6	2.8%	\$264.0	4.1%
2025	\$385.3	3.2%	\$35.2	2.6%	\$420.5	3.2%	\$147.6	2.8%	\$272.8	3.4%
2026	\$398.2	3.4%	\$36.1	2.6%	\$434.3	3.3%	\$151.8	2.8%	\$282.5	3.6%
2027	\$412.1	3.5%	\$37.3	3.3%	\$449.4	3.5%	\$156.0	2.8%	\$293.4	3.9%
2028	\$425.9	3.3%	\$38.3	2.7%	\$464.2	3.3%	\$160.3	2.8%	\$303.9	3.5%
2029	\$437.4	2.7%	\$39.5	3.1%	\$476.9	2.7%	\$164.8	2.8%	\$312.2	2.7%
2030	\$448.9	2.6%	\$40.6	2.8%	\$489.5	2.6%	\$169.4	2.8%	\$320.1	2.5%
2031	\$461.2	2.7%	\$41.8	3.0%	\$503.0	2.8%	\$174.1	2.8%	\$328.9	2.7%
2032	\$474.1	2.8%	\$43.1	3.1%	\$517.2	2.8%	\$178.9	2.8%	\$338.2	2.8%
2033	\$486.9	2.7%	\$44.3	2.8%	\$531.2	2.7%	\$183.9	2.8%	\$347.2	2.7%
2034	\$499.9	2.7%	\$45.6	2.9%	\$545.5	2.7%	\$189.0	2.8%	\$356.5	2.7%
2035	\$514.3	2.9%	\$46.9	2.9%	\$561.2	2.9%	\$194.3	2.8%	\$366.9	2.9%
2036	\$528.1	2.7%	\$48.3	3.0%	\$576.4	2.7%	\$199.7	2.8%	\$376.7	2.7%
2037	\$542.5	2.7%	\$49.8	3.1%	\$592.3	2.7%	\$205.3	2.8%	\$387.0	2.7%
2038	\$558.3	2.9%	\$51.2	2.8%	\$609.5	2.9%	\$211.1	2.8%	\$398.5	3.0%
2039	\$573.6	2.7%	\$52.9	3.3%	\$626.5	2.8%	\$217.0	2.8%	\$409.6	2.8%
2040	\$590.3	2.9%	\$54.4	2.8%	\$644.7	2.9%	\$223.0	2.8%	\$421.7	3.0%
2041	\$607.4	2.9%	\$56.0	2.9%	\$663.4	2.9%	\$229.2	2.8%	\$434.1	2.9%
2042	\$624.8	2.9%	\$57.8	3.2%	\$682.6	2.9%	\$235.7	2.8%	\$446.9	3.0%
2043	\$642.0	2.7%	\$59.5	2.9%	\$701.5	2.8%	\$242.2	2.8%	\$459.2	2.7%
2044	\$660.5	2.9%	\$61.4	3.2%	\$721.9	2.9%	\$249.0	2.8%	\$472.9	3.0%
2045	\$679.1	2.8%	\$63.2	2.9%	\$742.3	2.8%	\$256.0	2.8%	\$486.4	2.8%
2046	\$699.5	3.0%	\$65.1	3.0%	\$764.6	3.0%	\$263.1	2.8%	\$501.5	3.1%
2047	\$719.2	2.8%	\$67.2	3.2%	\$786.4	2.8%	\$270.5	2.8%	\$515.9	2.9%
2048	\$739.6	2.8%	\$69.2	3.0%	\$808.8	2.8%	\$278.0	2.8%	\$530.7	2.9%
2049	\$760.4	2.8%	\$76.5	10.5%	\$836.9	3.5%	\$285.8	2.8%	\$551.1	3.8%
2050	\$783.1	3.0%	\$87.7	14.6%	\$870.8	4.0%	\$293.8	2.8%	\$577.0	4.7%
2051	\$804.3	2.7%	\$97.4	11.1%	\$901.7	3.5%	\$302.0	2.8%	\$599.7	3.9%
2052	\$827.6	2.9%	\$107.3	10.2%	\$934.9	3.7%	\$310.5	2.8%	\$624.4	4.1%
2053	\$851.7	2.9%	\$117.0	9.0%	\$968.7	3.6%	\$319.2	2.8%	\$649.5	4.0%
2054	\$877.0	3.0%	\$128.8	10.1%	\$1,005.8	3.8%	\$328.1	2.8%	\$677.7	4.3%
2055	\$902.0	2.8%	\$142.6	10.7%	\$1,044.6	3.9%	\$337.3	2.8%	\$707.3	4.4%
2056	\$928.4	2.9%	\$159.1	11.6%	\$1,087.5	4.1%	\$346.8	2.8%	\$740.8	4.7%

\*Actual

Note: Toll increases are planned each year.

\*\*Actual January through June 2017

## Limits and Disclaimers

It is Jacobs' opinion that the traffic and gross toll revenue estimates provided herein are reasonable and that they have been prepared in accordance with accepted industry-wide practice. However, given the uncertainties in any forecast, it is important to note the following assumptions which, in our opinion, are reasonable:

- i. This report presents the results of Jacobs' consideration of the information available as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of any future events or trends.
- ii. The traffic and gross toll revenue estimates will be subject to future economic and social conditions, demographic developments and regional transportation construction activities that cannot be predicted with certainty.
- iii. The estimates contained in this report, while presented with numeric specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to economic and competitive uncertainties and contingencies, most of which are beyond the control of an operating agency and cannot be predicted with certainty. In many instances, a broad range of alternative assumptions could be considered reasonable. Changes in the assumptions used could result in material differences in estimated outcomes.
- iv. Jacobs' traffic and gross toll revenue estimations only represent our best judgment and we do not warrant or represent that the actual gross toll revenues will not vary from our estimates.
- v. We do not express any opinion on the following items: socioeconomic and demographic forecasts, proposed land use development projects and potential improvements to the regional transportation network.
- vi. No other competing projects, tolled or non-tolled are assumed to be constructed or significantly improved in the project corridor during the project period, as to negatively impact Ohio Turnpike traffic, except those identified within this report.
- vii. Major highway improvements that are currently underway or fully funded will be completed as planned.
- viii. The system will be well maintained, efficiently operated, and effectively signed to encourage maximum usage.
- ix. No reduced growth initiatives or related controls that would significantly inhibit normal development patterns will be introduced during the estimate period.
- x. There will be no future serious protracted recession during the estimate period.

- xi. There will be no protracted fuel shortage during the estimate period.
- xii. No local, regional, or national emergency will arise that will abnormally restrict the use of motor vehicles.

In Jacobs' opinion, the assumptions underlying the study provide a reasonable basis for the analysis. However, any financial projection is subject to uncertainties. Inevitably, some assumptions used to develop the projections will not be realized, and unanticipated events and circumstances may occur. There are likely to be differences between the projections and actual results, and those differences may be material. Because of these uncertainties, Jacobs makes no guaranty or warranty with respect to the projections in this Study.

This document, and the opinions, analysis, evaluations, or recommendations contained herein are for the sole use and benefit of the contracting parties. There are no intended third party beneficiaries, and Jacobs Engineering Group Inc., (and its affiliates) shall have no liability whatsoever to any third parties for any defect, deficiency, error, omission in any statement contained in or in any way related to this document or the services provided.

Neither this document nor any information contained therein or otherwise supplied by Jacobs Engineering Group Inc. in connection with the study and the services provided to our client shall be used in connection with any financing solicitation, proxy, and proxy statement, proxy soliciting materials, prospectus, Securities Registration Statement or similar document without the express written consent of Jacobs Engineering Group Inc.

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We greatly appreciate the invaluable assistance provided by the staff of the Ohio Turnpike and Infrastructure Commission.



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Richard J Gobeille, P.E.  
Infrastructure Consultancy Director

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## EXHIBIT E

### DTC BOOK ENTRY ONLY SYSTEM

#### Description of DTC's Procedures

The following information on the Book Entry Only System applicable to the 2017 Bonds has been supplied by DTC, and none of the Commission, the Commission's Municipal Advisor, the Underwriters, Bond Counsel, or Underwriters' Counsel make any representations, warranties or guarantees with respect to its accuracy or completeness.

DTC will act as securities depository for the 2017 Bonds. The 2017 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2013 Bond certificate will be issued for each maturity in each series or sub-series in the aggregate principal amount of the 2017 Bonds for that maturity, series and sub-series and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates.

Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants" and, together with Direct Participants, "Participants"). DTC has S&P's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2017 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2017 Bonds on DTC's records. The ownership interest of each actual purchaser of each of the 2017 Bonds (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases. Beneficial Owners are, however, expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners entered into the transaction. Transfers of ownership interests in the 2017 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in 2017 Bonds, except in the event that use of the Book Entry Only System for the 2017 Bonds is discontinued. See "Revision of Book Entry System - Replacement 2017 Bonds," below.

To facilitate subsequent transfers, all 2017 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co, or such other name as may be requested by an authorized representative of DTC. The deposit of the 2017 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2017 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2017 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2017 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2017 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Commission as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2017 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the 2017 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Commission or its agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct and Indirect Participants and not of DTC (or its nominee), or the Commission or its agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Commission or its agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

### **Revision of Book Entry System**

DTC may discontinue providing its service with respect to the 2017 Bonds at any time by giving reasonable notice to the Commission or its agent. Under such circumstances, in the event a successor securities depository is not obtained, the 2017 Bond certificates are required to be printed and delivered. The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Holder of the 2017 Bonds.

The Commission may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In such event, 2017 Bond certificates will be printed and delivered to DTC.



## EXHIBIT F

### PRO-FORMA COVERAGE <sup>\*</sup>

Fiscal Year	Net Pledged Revenues (1)	Outstanding Senior Lien Annual Debt Service Requirement (2)	2017 Senior Lien Bonds Debt Service Requirement	Total Senior Lien Annual Debt Service Requirement	Senior Lien Debt Service Coverage	Outstanding Junior Lien Annual Debt Service Requirement	Total Composite Annual Debt Service Requirement	Aggregate Debt Service Coverage
2017	\$205,572,000	\$57,824,787	\$1,545,169	\$59,369,956	3.46x	\$36,146,188	\$95,516,144	2.15x
2018	213,217,000	53,644,817	6,239,987	59,884,804	3.56x	42,871,188	102,755,992	2.07x
2019	220,733,000	53,643,433	6,242,350	59,885,783	3.69x	41,321,604	101,207,387	2.18x
2020	229,183,000	46,037,517	13,147,242	59,184,758	3.87x	36,367,688	95,552,446	2.40x
2021	236,700,000	40,403,221	18,965,683	59,368,904	3.99x	35,492,688	94,861,592	2.50x
2022	244,617,000	39,583,946	19,986,558	59,570,504	4.11x	38,855,188	98,425,692	2.49x
2023	253,158,000	39,581,217	13,054,708	52,635,925	4.81x	61,298,346	113,934,271	2.22x
2024	263,683,000	31,393,662	12,082,375	43,476,037	6.07x	68,280,811	111,756,848	2.36x
2025	272,575,000	29,757,454	19,689,583	49,447,038	5.51x	62,007,311	111,454,348	2.45x
2026	282,150,000	24,997,854	5,081,125	30,078,979	9.38x	60,363,103	90,442,082	3.12x
2027	293,042,000	7,069,940	18,825,167	25,895,106	11.32x	62,675,811	88,570,917	3.31x
2028	303,542,000	3,674,750	8,903,500	12,578,250	24.13x	73,506,603	86,084,853	3.53x
2029	311,733,000	3,674,750	6,236,333	9,911,083	31.45x	74,265,478	84,176,561	3.70x
2030	319,725,000	3,674,750	6,066,125	9,740,875	32.82x	76,857,144	86,598,019	3.69x
2031	328,492,000	3,674,750	1,005,375	4,680,125	70.19x	75,896,728	80,576,853	4.08x
2032	337,900,000	3,674,750	-	3,674,750	91.95x	69,892,561	73,567,311	4.59x
2033	346,867,000	3,674,750	-	3,674,750	94.39x	130,136,311	133,811,061	2.59x
2034	356,092,000	3,674,750	-	3,674,750	96.90x	130,126,815	133,801,565	2.66x
2035	366,467,000	3,674,750	-	3,674,750	99.73x	126,137,770	129,812,520	2.82x
2036	376,242,000	3,674,750	-	3,674,750	102.39x	124,652,266	128,327,016	2.93x
2037	386,542,000	3,674,750	-	3,674,750	105.19x	120,995,604	124,670,354	3.10x
2038	397,908,000	3,674,750	-	3,674,750	108.28x	130,053,083	133,727,833	2.98x
2039	409,017,000	3,674,750	-	3,674,750	111.30x	130,037,735	133,712,485	3.06x
2040	421,208,000	3,674,750	-	3,674,750	114.62x	130,020,000	133,694,750	3.15x
2041	433,675,000	3,674,750	-	3,674,750	118.01x	129,999,167	133,673,917	3.24x
2042	446,350,000	3,674,750	-	3,674,750	121.46x	129,955,000	133,629,750	3.34x
2043	458,750,000	3,674,750	-	3,674,750	124.84x	93,054,167	96,728,917	4.74x
2044	472,342,000	3,674,750	-	3,674,750	128.54x	93,209,375	96,884,125	4.88x
2045	485,708,000	3,674,750	-	3,674,750	132.17x	93,235,000	96,909,750	5.01x
2046	500,917,000	23,678,917	-	23,678,917	21.15x	73,229,167	96,908,083	5.17x
2047	515,292,000	47,917,042	-	47,917,042	10.75x	48,993,500	96,910,542	5.32x
2048	530,167,000	8,660,750	-	8,660,750	61.21x	7,489,125	16,149,875	32.83x
<b>Total</b>	<b>\$11,219,566,000</b>	<b>\$570,340,056</b>	<b>\$157,071,281</b>	<b>\$727,411,337</b>		<b>\$2,607,422,520</b>	<b>\$3,334,833,857</b>	

\*Table does not reflect interest earnings in Debt Service Reserve Fund, Debt Service Fund and the Infrastructure Fund. Table does not reflect any bonds that may be issued after the issuance of the Series 2017 Bonds.

(1) Net Revenues are projected by Jacobs Engineering Group. Please see the Traffic and Revenue Report for further details.

(2) Net of Refunded Bonds

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**EXHIBIT G**

**INFORMATION RELATING TO THE REFUNDED BONDS**

<u>Series</u>	<u>Dated Date</u>	<u>Par Amount</u>	<u>Maturity (February 15,)</u>	<u>Interest Rate</u>	<u>Date (February 15,)</u>	<u>Redemption Price</u>	<u>CUSIP Number</u>
2009A	5/19/2009	\$8,775,000	2021	5.000%	2019	100%	67760HHE4
2009A	5/19/2009	2,615,000	2022	5.000%	2019	100	67760HHF1
2009A	5/19/2009	2,745,000	2023	5.000%	2019	100	67760HHG9
2009A	5/19/2009	2,885,000	2024	4.375%	2019	100	67760HHH7
<b>Total</b>		<b>\$17,020,000</b>					
2010A	11/18/2010	\$6,500,000	2022	4.000%	2020	100	67760HJB8
2010A	11/18/2010	5,030,000	2022	5.000%	2020	100	67760HJJ1
2010A	11/18/2010	12,090,000	2023	5.000%	2020	100	67760HJG7
2010A	11/18/2010	12,710,000	2024	5.000%	2020	100	67760HJC6
2010A	11/18/2010	17,525,000	2025	5.000%	2020	100	67760HJH5
2010A	11/18/2010	18,415,000	2026	5.000%	2020	100	67760HJE2
2010A	11/18/2010	37,370,000	2031	5.000%	2020	100	67760HJD4
<b>Total</b>		<b>\$109,640,000</b>					
<b>Total</b>		<b>\$126,660,000</b>					

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