

In the opinion of Co-Bond Counsel, under existing law, interest on the 2025 Bonds (including accruals of any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of computing the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of computing the alternative minimum tax imposed on corporations. Under existing law, interest on the 2025 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The opinion of Co-Bond Counsel is subject to continuing compliance by the Commission with certain tax covenants to satisfy certain provisions of the Internal Revenue Code 1986, as amended. See "TAX EXEMPTION AND OTHER TAX MATTERS" herein.



PENNSYLVANIA TURNPIKE COMMISSION

\$122,550,000

**OIL FRANCHISE TAX SENIOR
REVENUE BONDS,
SERIES A OF 2025**

\$60,955,000

**OIL FRANCHISE TAX SUBORDINATED
REVENUE BONDS,
SERIES B OF 2025**

Dated: Date of Delivery

Due: December 1, As Shown on Inside Front Cover

The Pennsylvania Turnpike Commission Oil Franchise Tax Senior Revenue Bonds, Series A of 2025 (the "**2025A Senior Bonds**") and the Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2025 (the "**2025B Subordinated Bonds**") and, together with the 2025A Senior Bonds, the "**2025 Bonds**") are being issued pursuant to the Trust Indenture dated as of August 1, 1998 (the "**Original Indenture**"), between the Pennsylvania Turnpike Commission (the "**Commission**") and U.S. Bank Trust Company, National Association, as successor trustee (the "**Trustee**"), as previously amended and supplemented, and as particularly supplemented by the Tenth Supplemental Trust Indenture dated as of September 1, 2025 (the "**Tenth Supplemental Indenture**"), among the Commission, the Trustee and Manufacturers and Traders Trust Company, as Paying Agent (the "**Paying Agent**"), and the Enabling Acts (as defined herein), Act 3 (as defined herein), and the Resolution of the Commission adopted on September 17, 2024. The Original Indenture as previously amended and supplemented, together with the Tenth Supplemental Indenture, is herein referred to as the "**OFT Indenture**." Capitalized terms used herein but not otherwise expressly defined herein shall have the meanings ascribed thereto in the OFT Indenture. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE" attached hereto.

The 2025 Bonds will be dated their respective dates of initial issuance and delivery thereof. The 2025 Bonds will mature on December 1 of the years and bear interest from their respective delivery dates at the rates shown on the inside cover pages hereof, calculated on the basis of a 360-day year consisting of twelve 30-day months. Interest on the 2025 Bonds will be payable on each June 1 and December 1, commencing on June 1, 2026. See "DESCRIPTION OF THE 2025 BONDS" herein.

The 2025 Bonds are deliverable in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the 2025 Bonds. Beneficial ownership interests in the 2025 Bonds will be recorded in book-entry only form in denominations of \$5,000 or any integral multiple thereof. Purchasers of the 2025 Bonds will not receive bonds representing their beneficial ownership in the 2025 Bonds, but will receive a credit balance on the books of their respective DTC Participants or DTC Indirect Participants. So long as Cede & Co. is the registered owner of the 2025 Bonds, principal of and interest on the 2025 Bonds will be paid to Cede & Co., as nominee of DTC, which will, in turn, remit such principal and interest to the Participants and Indirect Participants for subsequent disbursement to the Beneficial Owners, as described herein. The 2025 Bonds will be transferable or exchangeable to another nominee of The Depository Trust Company or as otherwise described herein. So long as Cede & Co. is the registered owner of the 2025 Bonds, payments of principal of and interest on the 2025 Bonds will be made directly by the Paying Agent under the OFT Indenture, as described herein. See "DESCRIPTION OF THE 2025 BONDS – Book-Entry Only System" herein.

The 2025A Senior Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2025 Construction Project (as defined herein); and (ii) paying the costs of issuing the 2025A Senior Bonds. The 2025B Subordinated Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2025 Construction Project; and (ii) paying the costs of issuing the 2025B Subordinated Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES" herein.

The 2025 Bonds will be subject to optional and mandatory redemption prior to maturity as described herein. See "DESCRIPTION OF THE 2025 BONDS – Redemption of 2025 Bonds" herein.

The 2025A Senior Bonds are equally and ratably secured as Senior Bonds by a pledge by the Commission of the Trust Estate (as defined in the OFT Indenture), including the Tax Revenues (as defined in the OFT Indenture), which term includes that portion of the "oil company franchise tax for the highway maintenance and construction" (the "**Oil Franchise Tax**") collected by the Commonwealth and paid to the Trustee, and any other receipts, revenues and other moneys received by the Trustee from the Commonwealth in substitution and/or replacement thereof, and any outstanding Senior Bonds and any additional Senior Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2025A Senior Bonds. The 2025B Subordinated Bonds are equally and ratably secured as Subordinated Bonds by a pledge by the Commission of the Trust Estate, including the Tax Revenues collected by the Commonwealth and paid to the Trustee, and any other receipts, revenues and other moneys received by the Trustee from the Commonwealth in substitution and/or replacement thereof, and any outstanding Subordinated Bonds and any additional Subordinated Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2025B Subordinated Bonds. See "SECURITY FOR THE 2025 BONDS" herein and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE" attached hereto.

THE GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA (THE "COMMONWEALTH") HAS ALLOCATED A PORTION OF THE OIL COMPANY FRANCHISE TAX IMPOSED BY THE COMMONWEALTH AND APPROPRIATED IT TO THE COMMISSION. THE 2025 BONDS ARE LIMITED OBLIGATIONS OF THE COMMISSION PAYABLE FROM THAT PORTION OF THE OIL FRANCHISE TAX AND CERTAIN FUNDS HELD UNDER THE OFT INDENTURE AND THE EARNINGS THEREON. THE 2025 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THE TRUST ESTATE, WHICH INCLUDES, BUT IS NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH AND CERTAIN FUNDS HELD UNDER THE OFT INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The 2025 Bonds are being offered when, as and if issued and accepted by the Underwriters, subject to prior sale, withdrawal or modification of the offer without notice, to certain legal matters being passed upon by Steptoe & Johnson PLLC, Pittsburgh, Pennsylvania and Endow Law, LLC, Philadelphia, Pennsylvania, as Co-Bond Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, as Counsel to the Underwriters. Certain legal matters will be passed upon for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and by Stradley Ronon Stevens & Young, LLP, Malvern, Pennsylvania, as Disclosure Counsel to the Commission. It is anticipated that delivery of the 2025 Bonds in book-entry form will be made through the facilities of DTC in New York, New York, on or about September 4, 2025.

Huntington Capital Markets
Bancroft Capital, LLC

PNC Capital Markets LLC
Janney Montgomery Scott LLC

WauBank Securities LLC
Ramirez & Co., Inc

MATURITY SCHEDULE

\$122,550,000

**Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2025**

\$35,675,000 2025A Senior Serial Bonds

Maturity Date (December 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP⁽¹⁾ No.
2033	\$1,990,000	5.000%	3.080%	\$113.876	709230AA4
2034	2,120,000	5.000	3.290	113.526	709230AB2
2035	2,265,000	5.000	3.490	112.904	709230AC0
2036	2,410,000	5.000	3.730 ^(C)	110.723 ^(C)	709230AD8
2037	2,560,000	5.000	3.890 ^(C)	109.297 ^(C)	709230AE6
2038	2,695,000	5.000	4.030 ^(C)	108.067 ^(C)	709230AF3
2039	2,835,000	5.000	4.150 ^(C)	107.027 ^(C)	709230AG1
2040	4,320,000	5.000	4.260 ^(C)	106.083 ^(C)	709230AH9
2041	4,590,000	5.000	4.390 ^(C)	104.981 ^(C)	709230AJ5
2042	1,200,000	5.000	4.530 ^(C)	103.810 ^(C)	709230AK2
2043	1,265,000	5.250	4.590 ^(C)	105.337 ^(C)	709230AL0
2044	1,335,000	5.250	4.680 ^(C)	104.588 ^(C)	709230AM8
2045	1,405,000	5.250	4.740 ^(C)	104.092 ^(C)	709230AN6
2046	1,480,000	5.250	4.810 ^(C)	103.517 ^(C)	709230AP1
2047	1,560,000	5.250	4.860 ^(C)	103.109 ^(C)	709230AQ9
2048	1,645,000	5.250	4.900 ^(C)	102.784 ^(C)	709230AR7

\$3,550,000 2025A Senior Term Bond due December 1, 2050; Interest Rate: 5.000%;
Yield: 5.000%; Price: 100.000; CUSIP⁽¹⁾ No. 709230AS5

\$83,325,000 2025A Senior Term Bond due December 1, 2053; Interest Rate: 5.250%;
Yield: 4.950%^(C); Price: 102.379^(C); CUSIP⁽¹⁾ No. 709230AT3

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^(C) Yield and price calculated to first optional redemption date of December 1, 2035.

MATURITY SCHEDULE

\$60,955,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2025

\$5,000,000 2025B Subordinated Serial Bonds

<u>Maturity Date (December 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield^(C)</u>	<u>Price^(C)</u>	<u>CUSIP⁽¹⁾ No.</u>
2042	\$4,000,000	5.000%	4.660%	\$102.736	709230AU0
2048	1,000,000	5.250	5.020	101.816	709230AV8

\$5,900,000 2025B Subordinated Term Bond due December 1, 2050; Interest Rate: 5.250%;
Yield: 5.050%^(C); Price: 101.575^(C); CUSIP⁽¹⁾ No. 709230AW6

\$50,055,000 2025B Subordinated Term Bond due December 1, 2053; Interest Rate: 5.000%;
Yield: 5.130%; Price: 98.064; CUSIP⁽¹⁾ No. 709230AX4

⁽¹⁾ Copyright 2025, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. CUSIP numbers are provided for convenience of reference only. Neither the Commission or the Underwriters nor their respective agents or counsel assume responsibility for the accuracy of such numbers.

^(C) Yield and price calculated to first optional redemption date of December 1, 2035.

PENNSYLVANIA TURNPIKE COMMISSION

COMMISSIONERS

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Secretary of Transportation, Chair

PASQUALE T. DEON, SR.
Vice Chair

DR. KEITH LEAPHART
Secretary and Treasurer

SEAN LOGAN
Commissioner

DOUGLAS FARNHAM
Commissioner

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CRAIG R. SHUEY
Chief Operating Officer

RICHARD C. DREHER
Chief Financial Officer

BRADLEY J. HEIGEL, P.E.
Chief Engineer

DOREEN A. MCCALL, ESQ.
Chief Counsel

ROBERT J. TAYLOR, P.E., PTOE
Chief Technology and Growth Officer

KELLI E. ROBERTS
Chief Strategy and Communications Officer

SHERI L. HERBST
Chief Administrative Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
Trustee and Authenticating Agent

MANUFACTURERS AND TRADERS TRUST COMPANY
Paying Agent

PHOENIX CAPITAL PARTNERS, LLP and PUBLIC RESOURCES ADVISORY GROUP, INC.
Co-Financial Advisors

No dealer, broker, salesman or other person has been authorized by the Commission or the Underwriters to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by either of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 2025 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the Commission, the Underwriters, DTC and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as representations by, the Underwriters. The information and expressions of opinion contained 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 any of the information set forth herein since the date hereof.

The 2025 Bonds are not and will not be registered under the Securities Act of 1933, as amended, or under any state securities laws, and the OFT Indenture has not been and will not be qualified under the Trust Indenture Act of 1939, as amended, because of available exemptions therefrom. Neither the United States Securities and Exchange Commission (the "*SEC*") nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement.

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 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.

No quotations from or summaries or explanations of provisions of law and documents herein purport to be complete and reference is made to such laws and documents for full and complete statements of their provisions. This Official Statement is not to be construed as a contract or agreement between the Commission and the purchasers or holders of any of the securities described herein. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly, so stated, are intended merely as estimates or opinions and not as representations of fact. The cover page hereof, list of officials, this page and the Appendices attached hereto are part of this Official Statement.

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, and 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, which could affect the amount of Oil Franchise Tax received by the Commission include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Commission. Such forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statement contained herein to reflect any changes in the Commission's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE 2025 BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

THIS OFFICIAL STATEMENT MAY BE AVAILABLE TO PROSPECTIVE PURCHASERS IN EITHER BOUND OR PRINTED FORMAT ("**ORIGINAL BOUND FORMAT**"), OR IN ELECTRONIC FORMAT FROM THE FOLLOWING WEBSITES: WWW.MCELWEEQUINN.COM AND WWW.EMMA.MSRB.ORG. THE ELECTRONIC MUNICIPAL MARKET ACCESS SYSTEM IS THE SOLE NATIONALLY RECOGNIZED MUNICIPAL SECURITIES INFORMATION REPOSITORY. PROSPECTIVE PURCHASERS MAY RELY ON THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT IN THE ORIGINAL BOUND FORMAT OR ONLY IF SAVED IN FULL FROM SUCH WEBSITES; PROVIDED, HOWEVER, THAT PROSPECTIVE PURCHASERS SHOULD READ THE ENTIRE OFFICIAL STATEMENT (INCLUDING THE COVER PAGE,

THE INSIDE FRONT COVER PAGE AND ALL APPENDICES ATTACHED HERETO) TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE ORIGINAL BOUND FORMAT AND THE ELECTRONIC FORMAT, THE ORIGINAL BOUND FORMAT SHALL CONTROL.

REFERENCES TO WEBSITE ADDRESSES PRESENTED HEREIN, INCLUDING THE COMMISSION'S WEBSITE OR ANY OTHER WEBSITE CONTAINING INFORMATION ABOUT THE COMMISSION OR ANY THIRD PARTY ARE FOR INFORMATIONAL PURPOSES ONLY AND MAY BE IN THE FORM OF A HYPERLINK SOLELY FOR THE READER'S CONVENIENCE. UNLESS SPECIFIED OTHERWISE, SUCH WEBSITES AND THE INFORMATION OR LINKS CONTAINED THEREIN ARE NOT INCORPORATED INTO, AND ARE NOT PART OF, THIS OFFICIAL STATEMENT FOR ANY PURPOSE INCLUDING FOR PURPOSES OF RULE 15c2-12 PROMULGATED BY THE SEC PURSUANT TO THE SECURITIES EXCHANGE ACT OF 1934.

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TABLE OF CONTENTS

	Page
INTRODUCTION	1
Pennsylvania Turnpike Commission	2
OFT Indenture and Enabling Acts.....	2
Security	3
Purpose.....	4
Existing Obligations.....	5
DESCRIPTION OF THE 2025 BONDS	6
General	6
Redemption of 2025 Bonds.....	8
Book-Entry Only System	11
PLAN OF FINANCING.....	14
ESTIMATED SOURCES AND USES OF FUNDS	15
SECURITY FOR THE 2025 BONDS.....	15
Sources of Payment; Oil Franchise Tax	15
Security for the 2025 Bonds; Remedies	16
Flow of Funds.....	17
Subordinated Bonds Debt Service Reserve Fund.....	19
Revenue Fund Excess Balance and Oil Franchise Tax General Fund.....	20
Additional Bonds Generally	20
Additional Bonds for Projects	21
Additional Bonds for Refunding Purposes	22
Obligations Secured by Other Revenue Sources.....	22
Parity Swaps.....	23
OIL FRANCHISE TAX	23
Commission Allocation.....	24
Pledge and Appropriation.....	25
Act 3	25
Act 89.....	26
Liquid Fuels and Fuels as the Subjects of Oil Franchise Tax.....	27
Collection and Calculation of Oil Franchise Tax	27
Historical Consumption Amounts	28
Amounts of Oil Franchise Tax Collected	29
Debt Service Coverage.....	31
INVESTMENT CONSIDERATIONS	33
AUDITED FINANCIAL STATEMENTS	38
CONTINUING DISCLOSURE.....	38
RELATIONSHIPS OF CERTAIN PARTIES	39

UNDERWRITING	39
RATINGS.....	40
LITIGATION	41
LEGAL MATTERS	42
CO-FINANCIAL ADVISORS.....	42
TRUSTEE AND PAYING AGENT.....	42
TAX EXEMPTION AND OTHER TAX MATTERS	43
MISCELLANEOUS.....	46
APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION	
APPENDIX B – AUDITED FINANCIAL STATEMENTS FOR FISCAL YEARS ENDED MAY 31, 2024 AND 2023	
APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE	
APPENDIX D – FORM OF OPINION OF CO-BOND COUNSEL	
APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT	
APPENDIX F – DEBT SERVICE REQUIREMENTS OF THE OUTSTANDING BONDS	

OFFICIAL STATEMENT

\$122,550,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2025

\$60,955,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2025

INTRODUCTION

This Official Statement, which includes the cover page, the inside front cover and the Appendices hereto, is furnished by the Pennsylvania Turnpike Commission (the "**Commission**") in connection with the issuance of \$183,505,000 aggregate principal amount of Pennsylvania Turnpike Commission Oil Franchise Tax Revenue Bonds, consisting of \$122,550,000 aggregate principal amount Oil Franchise Tax Senior Revenue Bonds, Series A of 2025 (the "**2025A Senior Bonds**"), and \$60,955,000 aggregate principal amount Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2025 (the "**2025B Subordinated Bonds**" and, together with the 2025A Senior Bonds, the "**2025 Bonds**").

Certain information concerning the Commission is attached hereto as APPENDIX A. Audited financial statements of the Commission for the Fiscal Years ended May 31, 2024 and May 31, 2023 are attached hereto as APPENDIX B. While the audited financial statements of the Commission attached hereto as APPENDIX B pertain to the Commission as a whole, payment of the 2025 Bonds is secured by revenues of the Commission derived from the Oil Franchise Tax. See "SECURITY FOR THE 2025 BONDS" below.

A summary of certain provisions of the OFT Indenture (as defined below) is attached hereto as APPENDIX C. The form of opinion of Co-Bond Counsel to be delivered in connection with the issuance of the 2025 Bonds is attached hereto as APPENDIX D. The form of the Continuing Disclosure Agreement to be executed and delivered by the Commission in connection with the issuance of the 2025 Bonds is attached hereto as APPENDIX E. A table setting forth the total debt service requirements for the Outstanding Bonds (as defined herein) is attached hereto as APPENDIX F.

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, and 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, which could affect the amount of Oil Franchise Tax revenues received by the Commission include, among others, changes in economic conditions and various other events, conditions and circumstances, many of which are beyond the control of the Commission. Such forward-looking statements speak only as of the date of this Official Statement. The Commission disclaims any obligation or undertaking to release publicly any updates or revision to any forward- looking statement contained herein to reflect any changes in the Commission's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

All capitalized terms not otherwise defined herein shall have the same meanings ascribed to them in the definitions set forth in "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – DEFINITIONS OF CERTAIN TERMS." All references herein to the Enabling Acts (as defined below), the 2025 Bonds, the OFT Indenture and the Disclosure Agreement are qualified in their entirety by reference to the complete texts thereof. Copies of drafts of such documents, except for the Enabling Acts, may be obtained during the initial offering period from the principal offices of the Underwriters and, thereafter, executed copies may be obtained from U.S. Bank Trust Company, National Association, as successor trustee (the "*Trustee*"). All statements in this Official Statement involving matters of opinion, estimates, forecasts, projections or the like, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized.

Pennsylvania Turnpike Commission

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the "*Commonwealth*") created by the Enabling Acts, with the power to construct, operate and maintain the System (as defined in Appendix A) and to perform other functions authorized by Act 44 (as defined below). Its composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts as amended and supplemented from time to time. See "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION" attached hereto. Except as provided therein, the Enabling Acts may be modified, extended, suspended or terminated at any time by further legislation. See "INVESTMENT CONSIDERATIONS" herein.

OFT Indenture and Enabling Acts

The 2025 Bonds are being issued pursuant to a Tenth Supplemental Trust Indenture dated as of September 1, 2025 (the "*Tenth Supplemental Indenture*") among the Commission, the Trustee, and Manufacturers and Traders Company, as paying agent (the "*Paying Agent*"), which supplements the Trust Indenture dated as of August 1, 1998 (the "*Original Indenture*"), as was previously amended and supplemented by a First Supplemental Trust Indenture dated as of August 1, 2003 (the "*First Supplemental Indenture*"), a Second Supplemental Trust Indenture dated as of August 1, 2003 (the "*Second Supplemental Indenture*"), a Third Supplemental Trust Indenture dated as of November 1, 2006 (the "*Third Supplemental Indenture*"), a Fourth Supplemental Trust Indenture dated as of April 15, 2008 (the "*Fourth Supplemental Indenture*"), a Fifth Supplemental Trust Indenture dated as of October 1, 2009 (the "*Fifth Supplemental Indenture*"), a Sixth Supplemental Trust Indenture dated as of October 1, 2013 (the "*Sixth Supplemental Indenture*"), a Seventh Supplemental Trust Indenture dated as of September 1, 2016 (the "*Seventh Supplemental Indenture*"), an Eighth Supplemental Trust Indenture dated as of June 1, 2018 (the "*Eighth Supplemental Indenture*"), and a Ninth Supplemental Trust Indenture dated as of September 1, 2021 (the "*Ninth Supplemental Indenture*" and, collectively with the Original Indenture, the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture, the Fourth Supplemental Indenture, the Fifth Supplemental Indenture, the Sixth Supplemental Indenture, the Seventh Supplemental Indenture, the Eighth Supplemental Indenture and the Tenth Supplemental Indenture, the "*OFT Indenture*"), and pursuant to and authorized by an Act of the General Assembly of Pennsylvania approved July 18, 2007, P.L. 169, No. 44 ("*Act 44*") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, Act 211; the Act of May 24, 1945, P.L. 972;

the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; and the Act of September 30, 1985, P.L. 240, No. 61 ("**Act 61**") to the extent not repealed by Act 44; the Act of August 5, 1991, P.L. 238, No. 26 ("**Act 26**") and the Act of November 25, 2013, P.L. 974, No. 89 ("**Act 89**") (collectively, the "**Enabling Acts**"), and the Resolution adopted by the Commission on September 17, 2024 (the "**Bond Resolution**"). The Act of April 17, 1997, No. 3 ("**Act 3**") revises certain of the provisions of Act 26 which contains the appropriation of the Commission Allocation (as defined herein) of the Oil Franchise Tax. See "OIL FRANCHISE TAX – Act 3" herein.

Security

The 2025 Bonds are limited obligations of the Commission payable solely from (i) all Tax Revenues (as defined in "SECURITY FOR THE 2025 BONDS – Additional Bonds"), (ii) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by the OFT Indenture (other than the Subordinated Bonds Debt Service Reserve Fund (which is pledged only for the benefit of Subordinated Bonds, including the 2025B Subordinated Bonds), and the Rebate Fund), (iv) all Swap Receipts, (v) the Issuer Subsidy, and (vi) all investment earnings on all moneys held in accounts and funds established by the OFT Indenture (other than the Rebate Fund and the Subordinated Bonds Debt Service Reserve Fund, which is pledged only for the benefit of all Subordinated Bonds). The aforementioned (i), (ii), (iii), (iv), (v) and (vi) are collectively herein referred to as the "**Trust Estate**." See "OIL FRANCHISE TAX" herein. Pursuant to the OFT Indenture, the Trust Estate has been pledged and assigned by the Commission to the Trustee to pay principal of and interest on the 2025 Bonds and all other Bonds (as hereinafter defined) issued under the OFT Indenture, and any amounts due under Parity Swap Agreements (as such term is defined herein). The Commission has irrevocably directed the Treasurer of the Commonwealth (the "**State Treasurer**") to make payment of the Commission Allocation directly to the Trustee, and has directed the Trustee, upon receipt of such amounts, to deposit the moneys, as received, into the Revenue Fund created under the OFT Indenture.

The General Assembly has allocated a portion of the proceeds of the Oil Franchise Tax imposed by the Commonwealth and appropriated it to the Commission. This allocation consists of the revenues from 14% of the additional 55 mills of the Oil Franchise Tax imposed beginning in 1991 (the "**Commission Allocation**"). The Oil Franchise Tax receipts, including the Commission Allocation, are deposited into the Commonwealth's Motor License Fund each month. From such deposited receipts, an amount equal to the Commission Allocation is paid by the Commonwealth to the Commission by way of a direct transfer of such funds to the Trustee, which funds are then deposited by the Trustee into the Revenue Fund, as more fully described under the caption "OIL FRANCHISE TAX."

Under the OFT Indenture, prior to an Event of Default, the Issuer Subsidy will be held solely for and applied to debt service on the Oil Franchise Tax Build America Bonds. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Issuer Subsidy Funds" attached hereto.

The 2025A Senior Bonds are equally and ratably secured as Senior Bonds by a pledge by the Commission of the Trust Estate, and any outstanding Senior Bonds and any additional Senior

Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2025A Senior Bonds. The 2025B Subordinated Bonds are equally and ratably secured as Subordinated Bonds by a pledge by the Commission of the Trust Estate, and any outstanding Subordinated Bonds and any additional Subordinated Bonds issued under the OFT Indenture will be equally and ratably secured under the OFT Indenture with the 2025B Subordinated Bonds. See "SECURITY FOR THE 2025 BONDS" herein and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE" attached hereto.

Senior Bonds and Additional Senior Bonds are senior in right of payment and security to the Subordinated Bonds; provided, however, that the Subordinated Bonds have a first lien on the Subordinated Bonds Debt Service Reserve Fund. See "SECURITY FOR THE 2025 BONDS – Security for the 2025 Bonds; Remedies and – Additional Bonds" and APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – DEFINITIONS OF CERTAIN TERMS."

A Subordinated Bonds Debt Service Reserve Fund has been established under the OFT Indenture solely for the benefit of the holders of the Subordinated Bonds, including the holders of the 2025B Subordinated Bonds. The Subordinated Bonds Debt Service Reserve Requirement is an amount equal to one-half the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds. **THERE IS NO DEBT SERVICE RESERVE FUND FOR THE 2025A SENIOR BONDS.** See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – DEFINITIONS OF CERTAIN TERMS" and "SECURITY FOR THE 2025 BONDS – Subordinated Bonds Debt Service Reserve Fund." Unlike the Subordinated Bonds, Senior Bonds have no dedicated debt service reserve fund, although excess balances in the Revenue Fund are transferred from time to time to an Oil Franchise Tax General Fund held by the Trustee which is available, among other things, to make up deficiencies in the various funds and accounts established under the OFT Indenture. See "SECURITY FOR THE 2025 BONDS – Revenue Fund Excess Balance and Oil Franchise Tax General Fund" herein.

THE 2025 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THE TRUST ESTATE, INCLUDING BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH, AND CERTAIN FUNDS HELD UNDER THE OFT INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

Purpose

The 2025A Senior Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2025 Construction Project; and (ii) paying the costs of issuing the 2025A Senior Bonds.

The 2025B Subordinated Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2025 Construction

Project; and (ii) paying the costs of issuing the 2025B Subordinated Bonds. See "PLAN OF FINANCING" and "ESTIMATED SOURCES AND USES" herein.

Existing Obligations

The 2025A Senior Bonds upon issuance will be Senior Bonds (as defined in the Original Indenture), and the 2025B Subordinated Bonds upon issuance will be Subordinated Bonds. All Senior Bonds and all Subordinated Bonds now or hereafter issued under or secured by the OFT Indenture are referred to herein as the "**Bonds.**"

Prior to the issuance of the 2025 Bonds, as of the date of this Official Statement, the Commission has the following Bonds outstanding under the OFT Indenture:

Outstanding Bonds

	<u>Outstanding Principal</u>	<u>Accreted thru 6/1/2025</u>	<u>Total Outstanding</u>
Oil Franchise Tax Senior Revenue Bonds			
Series B of 2009 (the " 2009B Bonds ")	\$127,170,000	-	\$127,170,000
Series C of 2009 (the " 2009C Bonds ")	15,461,246	\$19,565,689	35,026,935
Series A of 2016 (the " 2016A Bonds ")	136,930,000	-	136,930,000
Series A of 2018 (the " 2018A Bonds ")	231,385,000	-	231,385,000
Series A of 2021 (the " 2021A Bonds ")	313,850,000	-	313,850,000
Total Outstanding Senior Bonds:	\$824,796,246	\$19,565,689	\$844,361,935
Oil Franchise Tax Subordinated Revenue Bonds			
Series E of 2009 (the " 2009E Bonds ")	\$101,625,000	-	\$101,625,000
Series B of 2013 (the " 2013B Bonds ")	6,960,000	-	6,960,000
Series B of 2016 (the " 2016B Bonds ")	75,850,000	-	75,850,000
Series B of 2018 (the " 2018B Bonds ")	210,480,000	-	210,480,000
Series B of 2021 (the " 2021B Bonds ")	193,825,000	-	193,825,000
Total Outstanding Subordinated Bonds:	\$588,740,000	-	\$588,740,000
Total Outstanding Bonds:	\$1,413,536,246	\$19,565,689	\$1,433,101,935

The Commission has entered into various interest rate swap agreements relating to the 2009B Bonds and the 2016A Bonds, which constitute Parity Swap Agreements under the OFT Indenture. See "SECURITY FOR THE 2025 BONDS" herein and "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – "COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Interest Rate Exchange Agreements" attached hereto.

DESCRIPTION OF THE 2025 BONDS

General

The 2025 Bonds will bear interest at fixed rates and will mature, subject to prior redemption, on the dates and in the amounts set forth on the inside front cover page of this Official Statement. Interest on the 2025 Bonds will accrue from and including their respective Dated Dates and will be payable semi-annually through and including the maturity date (or earlier redemption date) on each June 1 and December 1, commencing on June 1, 2026 (each, an "*Interest Payment Date*").

The 2025 Bonds will be issued in fully registered form in Authorized Denominations (as described below). The principal of and the redemption premium, if any, on all 2025 Bonds shall be payable by check or draft at maturity or upon earlier redemption to the persons in whose names such 2025 Bonds are registered on the Bond Register at the maturity or redemption date thereof, upon the presentation and surrender of such 2025 Bonds at the designated office of the Trustee or of any Paying Agent named in the 2025 Bonds. Interest on the 2025 Bonds shall be paid by the Paying Agent to the person whose name appears on the Bond Register as the holder thereof at the close of business on the Record Date (as defined below) for each Interest Payment Date. Payment of the interest on the 2025 Bonds shall be made by check or draft mailed by first class mail to such holder at its address as it appears on such Bond Register or at such other address as is furnished to the Trustee in writing or, upon the written request of any holder of at least \$1,000,000 in aggregate principal amount of the 2025 Bonds, submitted to the Trustee and the Paying Agent not later than ten Business Days before the applicable Record Date, by electronic transfer in immediately available funds to an account within the continental United States designated by such holder. If the Commission defaults in the payment of interest due on any Interest Payment Date, Defaulted Interest (as defined below) will be payable to the person in whose name such 2025 Bond is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest. The Commission shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each 2025 Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and shall deposit with the Trustee at the time of such notice an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment; money deposited with the Trustee shall be held in trust for the benefit of the Owners of the 2025 Bonds entitled to such Defaulted Interest. Following receipt of such funds the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Commission of such Special Record Date and, in the name and at the expense of the Commission, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed,

first-class postage prepaid, to each Owner of a 2025 Bond entitled to such notice at the address of such owner as it appears on the Bond Register not less than 10 days prior to such Special Record Date.

Upon original issuance, the 2025 Bonds will be registered in the name of and held by Cede & Co., as registered holder and nominee for DTC. The 2025 Bonds initially will be issued as one fully registered certificate for each maturity of each series. Purchases of the 2025 Bonds will initially be made in book-entry form. See "DESCRIPTION OF THE 2025 BONDS – Book-Entry Only System" herein. As long as the 2025 Bonds are registered in the name of DTC or its nominee, Cede & Co., payments of the principal of, redemption premium, if any, and interest on the 2025 Bonds will be paid directly to Cede & Co. by wire transfer by the Paying Agent on each Interest Payment Date for redistribution by DTC to its Participants and in turn to the Beneficial Owners, as described under "DESCRIPTION OF THE 2025 BONDS – Book Entry Only System." While the book-entry only system is in effect, transfers and exchanges of the 2025 Bonds will be affected through DTC's book-entry system.

DTC may determine to discontinue providing its service with respect to the 2025 Bonds at any time by giving notice to the Commission and discharging its responsibilities with respect thereto under applicable law or the Commission may determine to discontinue the system of book-entry-only transfers through DTC (or a successor securities depository). Under such circumstances, the 2025 Bond certificates will be authenticated and delivered as provided in the OFT Indenture to the Beneficial Owners of the 2025 Bonds, who shall then become the Registered Owners thereof.

If the book-entry-only system is discontinued and the Beneficial Owners become Registered Owners of the 2025 Bonds, the Commission shall immediately advise the Trustee in writing of the procedures for transfer of the 2025 Bonds from book-entry-only form to a fully registered form.

The "**Record Date**" for determining the Owner entitled to payment of interest with respect to the 2025 Bonds on any given Interest Payment Date is the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding such Interest Payment Date.

In the event interest on any 2025 Bond is not paid when due ("**Defaulted Interest**"), the provisions relating to Defaulted Interest under the Tenth Supplemental Indenture shall apply. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE OFT INDENTURE" for information with respect to the payment of Defaulted Interest.

Authorized Denominations. The 2025 Bonds will be issued as fully registered bonds in authorized denominations of \$5,000 and any integral multiple thereof.

Registration, Transfer and Exchange. The Trustee has been appointed Bond Registrar and as such shall keep the Bond Register at its Principal Office. The Person in whose name any 2025 Bond shall be registered on the Bond Register shall be deemed and regarded as the absolute owner of such 2025 Bond for all purposes, and payment of or on account of the principal of and interest on any such 2025 Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative. All such payments shall be valid and effectual to satisfy and

discharge the liability upon such 2025 Bond, including the interest thereon, to the extent of the sum or sums so paid.

Any 2025 Bond may be transferred only upon the Bond Register upon surrender thereof to the Trustee duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or his attorney or legal representative in such form as shall be satisfactory to the Trustee. Upon any such transfer, the Commission shall execute and the Trustee shall authenticate and deliver in exchange for such 2025 Bond a new 2025 Bond or 2025 Bonds, registered in the name of the transferee, of any Authorized Denomination and of the same maturity and series and bearing interest at the same rate.

The Commission, the Securities Depository or the Trustee may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid in connection with any transfer or exchange. The Trustee shall not be required to transfer or exchange any 2025 Bond selected for redemption, in whole or in part, during a period: (i) beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of such 2025 Bond and ending at the close of business on the day of such mailing; or (ii) beginning at the opening of business on any Record Date for such 2025 Bond and ending at the close of business on the relevant Interest Payment Date therefor. See also "DESCRIPTION OF THE 2025 BONDS – Book-Entry Only System" herein for further information regarding registration, transfer and exchange of the 2025 Bonds.

The OFT Indenture, and all provisions thereof, are incorporated by reference in the text of the 2025 Bonds, and the 2025 Bonds provide that each Registered Owner, Beneficial Owner, Participant or Indirect Participant (as such terms are defined hereinafter), by acceptance of a 2025 Bond (including receipt of a book-entry credit evidencing an interest therein), assents to all of such provisions as an explicit and material portion of the consideration running to the Commission to induce it to issue such 2025 Bond.

Redemption of 2025 Bonds

Optional Redemption. The 2025A Senior Bonds maturing on December 1, 2036 through December 1, 2053 are subject to redemption prior to maturity at any time on and after December 1, 2035, as a whole or in part (and if in part, in such order of maturity as directed by the Commission and within a maturity by lot), at the option of the Commission at par, plus accrued interest to the date fixed for redemption, all in the manner provide by the OFT Indenture.

The 2025B Subordinated Bonds maturing on or after December 1, 2042 are subject to redemption prior to maturity at any time on and after December 1, 2035, as a whole or in part (and if in part, in such order of maturity as directed by the Commission and within a maturity by lot), at the option of the Commission at par, plus accrued interest to the date of redemption, all in the manner provide by the OFT Indenture.

Mandatory Redemption. The 2025A Senior Bonds maturing on December 1, 2050 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

2025A Senior Bonds Maturing December 1, 2050

<u>Year</u>	<u>Principal Amount</u>
2049	\$1,730,000
2050 ^(*)	1,820,000

*Final Maturity.

The 2025A Senior Bonds maturing on December 1, 2053 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

2025A Senior Bonds Maturing December 1, 2053

<u>Year</u>	<u>Principal Amount</u>
2051	\$1,925,000
2052	40,700,000
2053 ^(*)	40,700,000

*Final Maturity.

The 2025B Subordinated Bonds maturing on December 1, 2050 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

2025B Subordinated Bonds Maturing December 1, 2050

<u>Year</u>	<u>Principal Amount</u>
2049	\$2,950,000
2050 ^(*)	2,950,000

*Final Maturity.

The 2025B Subordinated Bonds maturing on December 1, 2053 shall be subject to mandatory sinking fund redemption prior to maturity by the Commission in part on December 1 of the respective years and in the amounts set forth below, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date fixed for redemption:

2025B Subordinated Bonds Maturing December 1, 2053

<u>Year</u>	<u>Principal Amount</u>
2051	\$17,755,000
2052	15,745,000
2053 ^(*)	16,555,000

*Final Maturity.

Selection of 2025 Bonds to be Redeemed.

Any partial redemption of the 2025 Bonds may be in any order of maturity and in any principal amount, maturity and interest rate designated by the Commission and, in the case of the 2025 Bonds subject to mandatory redemption, the Commission shall be entitled to designate whether such payments shall be credited against principal amounts due at maturity or against particular scheduled mandatory redemption obligations with respect to such 2025 Bonds. The 2025 Bonds shall be redeemed only in Authorized Denominations. If less than all 2025 Bonds of a Series maturing on the same date are to be redeemed and paid prior to maturity, 2025 Bonds of such Series shall be selected by the Trustee as set forth in the Original Indenture.

In the case of a partial redemption of any of the 2025 Bonds, when the 2025 Bonds of a series of denominations greater than the minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each principal amount equal to the minimum Authorized Denomination shall be treated as though it was a separate 2025 Bond of the minimum Authorized Denomination.

If it is determined that a portion, but not all, of the principal amount represented by any 2025 Bond is to be selected for redemption, then upon notice of intention to redeem such portion, the Owner of such 2025 Bond or such Owner's attorney or legal representative shall forthwith present and surrender such 2025 Bond to the Trustee (1) for payment of the redemption price (including the premium, if any, and interest to the date fixed for redemption) of the principal amount called for redemption, and (2) for exchange, without charge to the Owner thereof for a new 2025 Bond or 2025 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such 2025 Bond. If the Owner of any such 2025 Bond shall fail to present such 2025 Bond to the Trustee for payment and exchange as aforesaid, said 2025 Bond shall, nevertheless, become due and payable on the date fixed for redemption to the extent of the principal amount called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Official notice of any such redemption shall be given by the Paying Agent or the Trustee on behalf of the Commission by mailing a copy of an official redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Registered Owner of the 2025 Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Trustee.

An optional redemption notice may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Trustee no later than the date fixed for redemption, or (2) that the Commission retains the right to rescind such notice at any time prior to the scheduled date fixed for redemption if the Commission delivers a certificate of a Commission Official to the Trustee instructing the Trustee to rescind the redemption notice (in either case, a "**Conditional Redemption**"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described below.

Any Conditional Redemption may be rescinded in whole or in part at any time prior to the date fixed for redemption if the Commission delivers a certificate of a Commission Official to the

Trustee instructing the Trustee to rescind the redemption notice. The Trustee shall give prompt notice of such rescission to the affected holders. Any 2025 Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default (as defined in the OFT Indenture). Further, in the case of a Conditional Redemption, the failure of the Commission to make funds available in part or in whole on or before the date fixed for redemption shall not constitute an Event of Default.

For so long as the Securities Depository is effecting book-entry transfers of the 2025 Bonds, the Trustee shall provide the notices specified in this Section only to the Securities Depository and EMMA. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a 2025 Bond (having been mailed notice from the Paying Agent or Trustee, a Participant or otherwise) to notify the Beneficial Owner of the 2025 Bond so affected, shall not affect the validity of the redemption of such 2025 Bond.

Official notice of redemption having been given as aforesaid, the 2025 Bonds or portions of 2025 Bonds so to be redeemed shall, on the date fixed for redemption, become due and payable at the redemption price specified therein, and from and after such date (unless the Commission shall default in the payment of the redemption price) such 2025 Bonds or portions of 2025 Bonds shall cease to bear interest.

Failure to give any notice to any Owner, or any defect therein, shall not affect the validity of any proceedings for the redemption of any other 2025 Bonds. Any notice mailed shall be conclusively presumed to have been duly given and shall become effective upon mailing, whether or not any Owner receives the notice.

Book-Entry Only System

The Depository Trust Company ("**DTC**"), New York, New York, will act as securities depository for the 2025 Bonds. The 2025 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 2025 Bond certificate will be issued in the aggregate principal amount of each maturity of each series of the 2025 Bonds, 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 3.6 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**"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of 2025 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2025 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2025 Bond ("**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 purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2025 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 interests in 2025 Bonds, except in the event that use of the book-entry system for the 2025 Bonds is discontinued.

To facilitate subsequent transfers, all 2025 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 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2025 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2025 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. Beneficial Owners of 2025 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2025 Bonds, such as redemptions, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2025 Bonds may wish to ascertain that the nominee holding the 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2025 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2025 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 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal of, premium, if any, and interest on the 2025 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 the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by 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 Participant and not of DTC (nor its nominee), the Trustee or the Commission, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, 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 the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2025 Bonds at any time by giving reasonable notice to the Commission or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, 2025 Bond certificates are required to be printed and delivered.

The Commission may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2025 Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Commission believes to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriters, the Trustee or the Commission.

NEITHER THE COMMISSION NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DIRECT OR INDIRECT PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR: (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY DIRECT

PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON BOOK-ENTRY 2025 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY DIRECT PARTICIPANT, OR BY ANY DIRECT OR INDIRECT PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE OFT INDENTURE TO BE GIVEN TO HOLDERS OR OWNERS OF BOOK-ENTRY 2025 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF BOOK-ENTRY 2025 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF BOOK-ENTRY 2025 BONDS.

In the event that the Book-Entry Only System is discontinued, and the Beneficial Owners become Registered Owners of the 2025 Bonds, the 2025 Bonds will be transferable in accordance with the provisions of the OFT Indenture.

PLAN OF FINANCING

The 2025A Senior Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2025 Construction Project; and (ii) paying the costs of issuing the 2025A Senior Bonds.

The 2025B Subordinated Bonds are being issued to provide funds, together with other legally available funds of the Commission, for the purposes of (i) financing the 2025 Construction Project; and (ii) paying the costs of issuing the 2025B Subordinated Bonds.

The "**2025 Construction Project**" includes capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funded capital plan (including any amendment thereto), which includes, but is not limited to, capital expenditures related to an approximately four-mile section of the Mon/Fayette Expressway from Jefferson Hills to the Pittsburgh McKeesport Boulevard.

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ESTIMATED SOURCES AND USES OF FUNDS

	<u>2025A</u> <u>Senior Bonds</u>	<u>2025B</u> <u>Subordinated</u> <u>Bonds</u>	<u>Total</u>
SOURCES OF FUNDS			
Principal Amount	\$122,550,000.00	\$60,955,000.00	\$183,505,000.00
Net Original Issue Premium/Discount	<u>4,620,247.30</u>	<u>(748,539.80)</u>	<u>3,871,707.50</u>
TOTAL SOURCES	<u>\$127,170,247.30</u>	<u>\$60,206,460.20</u>	<u>\$187,376,707.50</u>
USES OF FUNDS			
Deposit to 2025AB Construction Account	\$125,970,947.39	\$59,624,319.13	\$185,595,266.52
Costs of Issuance*	<u>1,199,299.91</u>	<u>582,141.07</u>	<u>1,781,440.98</u>
TOTAL USES	<u>\$127,170,247.30</u>	<u>\$60,206,460.20</u>	<u>\$187,376,707.50</u>

* Includes underwriters' discount, fees and expenses of Co-Bond Counsel, Disclosure Counsel and Underwriters' Counsel, rating agency fees, printing expenses, fees and expenses of the Co-Financial Advisors, Trustee and Paying Agent fees, and other miscellaneous costs and expenses.

SECURITY FOR THE 2025 BONDS

Sources of Payment; Oil Franchise Tax

Funds received by the Trustee from Oil Franchise Tax revenues in the amount of the Commission Allocation are the primary source of payment of the Bonds. The Commission Allocation of the Oil Franchise Tax consists of 14% of the additional 55 mills of the Oil Franchise Tax which 55 mills became effective pursuant to Act 26. Information concerning the Oil Franchise Tax, its collection and distribution to the Commission and the Commonwealth's Motor License Fund are described in this Official Statement under the caption "OIL FRANCHISE TAX."

The 2025 Bonds are limited obligations of the Commission payable solely from the Trust Estate which consists of the following: (i) all Tax Revenues, (ii) the Commission's right to receive the Commission Allocation and any portion of the Commission Allocation actually received by the Commission, (iii) all moneys deposited into accounts or funds created by the OFT Indenture (other than the Subordinated Bonds Debt Service Reserve Fund, which is pledged only for the benefit of the Subordinated Bonds, and the Rebate Fund), (iv) all Swap Receipts, (v) the Issuer Subsidy and (vi) all investment earnings on all moneys held in accounts and funds established by the OFT Indenture (other than the Subordinated Bonds Debt Service Reserve Fund, which is pledged only for the benefit of the Subordinated Bonds, and the Rebate Fund).

Under the OFT Indenture, prior to an Event of Default, the Issuer Subsidy will be held solely for and applied to debt service on the Oil Franchise Tax Build America Bonds. See "INVESTMENT CONSIDERATIONS – Reduction in federal subsidy payable to the Commission for its Outstanding Build America Bonds due to sequestration" herein and "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Issuer Subsidy Funds."

THE COMMISSION RECEIVES TOLLS, REGISTRATION FEE REVENUES, ROAD USER CHARGE FEES, AND OTHER REVENUE SOURCES NOT DERIVED FROM TOLL REVENUE, INCLUDING CONCESSION REVENUE, ALL OF WHICH ARE EXCLUDED FROM THE TRUST ESTATE PLEDGED FOR THE 2025 BONDS. THE TRUST ESTATE ALSO EXCLUDES ALL MONEYS HELD IN THE REBATE FUND.

THE COMMISSION'S ALLOCATION OF THE OIL FRANCHISE TAX IS THE ONLY REVENUE SOURCE FOR THE 2025 BONDS.

THE 2025 BONDS SHALL NOT BE DEEMED TO BE A DEBT OF THE COMMONWEALTH AND SHALL NOT BE AN OBLIGATION OF THE COMMISSION PAYABLE FROM ANY SOURCE EXCEPT THE TRUST ESTATE, INCLUDING BUT NOT LIMITED TO, THAT PORTION OF THE OIL FRANCHISE TAX PAID TO THE COMMISSION OR THE TRUSTEE BY THE COMMONWEALTH, AND CERTAIN FUNDS HELD UNDER THE OFT INDENTURE AND THE EARNINGS THEREON. THE COMMISSION HAS NO TAXING POWER.

Security for the 2025 Bonds; Remedies

The Trust Estate is pledged in the OFT Indenture to the Trustee as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by the Commission in connection with the 2025 Bonds, including any Parity Swap Agreements (as defined below).

A "*Parity Swap Agreement*" means an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, futures contract, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure under which some or all of the amounts payable by the Commission or the Trustee pursuant to such agreement may be secured by the Tax Revenues on parity with the Bonds to which such agreement relates. Under the OFT Indenture, amounts payable by the Commission on such a Parity Swap Agreement shall be secured on a parity basis with the Bonds to which such contract relates but only to the extent so provided in such contract and only if, among other requirements, each Rating Agency which then has a rating assigned to any Bond that would be secured on parity with the Commission's obligation under said contract confirms in writing to the Trustee that the Commission's execution and delivery of such contract will not result in a reduction or withdrawal of such rating.

Senior Bonds, Additional Senior Bonds, and certain amounts payable under Parity Swap Agreements relating to Senior Bonds are senior in right of payment and security to the Subordinated Bonds; provided, however, that the Subordinated Bonds have a first lien on the Subordinated Bonds Debt Service Reserve Fund. Certain amounts payable under Parity Swap Agreements relating to the Subordinated Bonds are on parity with the debt service on the Subordinated Bonds. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE" attached hereto. Upon any failure to make

a principal, interest, or redemption payment with respect to the Senior Bonds, the Trustee may, and upon the written request of the holders of not less than 25% in principal amount of the Senior Bonds then outstanding shall, declare the principal of all of the Bonds, including both the Senior Bonds and the Subordinated Bonds, to be due and payable. **The failure to make any payment with respect to the Subordinated Bonds shall not constitute a default with respect to the Senior Bonds.** Upon any other default specified in the OFT Indenture including any failure to make a principal, interest or redemption payment with respect to the Subordinated Bonds, the Trustee may proceed, and upon the written request of the holders of not less than 25% in principal amount of the Bonds Outstanding (provided that if said event of default pertains only to one series of Bonds, then the written request of the holders of 25% or more of the principal amount solely of such series of Bonds) shall proceed to protect and enforce its rights and the rights of the Bondholders under the laws of the Commonwealth or under the OFT Indenture by such suits, actions, or special proceedings in equity or at law either for the specific performance of any covenant or agreement in the OFT Indenture or in aid of execution of any power granted in the OFT Indenture or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem reasonable or necessary to protect and enforce such rights. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Remedies" attached hereto.

Flow of Funds

The Oil Franchise Tax is collected by the Commonwealth Department of Revenue (the "*Department of Revenue*") and deposited into the Motor License Fund of the Commonwealth held by the Department of Transportation. Once each month, on or prior to the 20th day of the month, the Department of Transportation pays funds to the Commission in an amount equal to (and constituting) the Commission Allocation, which funds were collected and deposited into the Motor License Fund during the immediately preceding calendar month; provided, however, that if in any year the actual Commission Allocation to be distributed to the Commission exceeds the amount included in the Governor's executive authorization at the beginning of such year, distribution of the excess amount to the Commission may be delayed until a new executive authorization is obtained, which may not occur until the beginning of the next fiscal year of the Commonwealth. The Commission has irrevocably directed the State Treasurer to make payment of the Commission Allocation directly to the Trustee, and the Trustee, upon receipt of such amounts, shall deposit the moneys, as received, into the Revenue Fund created under the OFT Indenture. See "OIL FRANCHISE TAX – Commission Allocation" herein.

The Commission Allocation and any other Tax Revenues received by the Trustee, if any, whether directly from the Commonwealth or received by the Commission and paid to the Trustee, are to be deposited into the Revenue Fund. Additionally, the Issuer Subsidy is to be deposited into the Issuer Subsidy Fund for transfer to the applicable Debt Service Fund prior to the next applicable Interest Payment Date. Swap Receipts are to be deposited into the Revenue Fund. The OFT Indenture provides that the Trustee shall withdraw from the Revenue Fund and deposit to the applicable accounts in the Debt Service Funds, on an equal monthly basis, such amounts as shall be sufficient to make the required semi-annual interest payments and the required annual redemption or maturity payments on the Bonds.

The Trustee shall withdraw from the Revenue Fund and deposit into the applicable Fund, on or before the last Business Day of each calendar month, in the following order of priority:

(1) In the same order of priority, (a) a deposit to the Interest Account of the Senior Bonds Debt Service Fund in an amount equal to one-sixth of the interest due on the Senior Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of any Senior Bond to the first Interest Payment date for such Bond, a monthly amount equal to the interest amount owed on such first Interest Payment Date, divided by the number of months from the date of issuance of such Senior Bond to such first Interest Payment Date); (b) a deposit to the Principal Account of the Senior Bonds Debt Service Fund in an amount equal to one-twelfth of the amount necessary to pay the principal amount of any Senior Bonds maturing on the next succeeding maturity date (or in the case of the period from the date of issuance of any Senior Bond to the first date on which principal thereon is due, a monthly amount equal to the principal amount owed on such first principal maturity date, divided by the number of months from the date of issuance of such Senior Bond to such first principal maturity date) (provided no deposit shall be made which would duplicate required deposits to the Senior Bonds Sinking Fund); and (c) a deposit to the Senior Bonds Sinking Fund in an amount equal to one-twelfth of the principal amount required on the next succeeding mandatory redemption date of the Senior Bonds occurring on or before the second Interest Payment Date following such deposit;

(2) In the same order of priority, (a) a deposit to the Interest Account of the Subordinated Bonds Debt Service Fund in an amount equal to one-sixth of the interest due on the Subordinated Bonds on the next succeeding Interest Payment Date (or in the case of the period from the date of issuance of any Subordinated Bond to the first Interest Payment Date for such Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date, divided by the number of months from the date of issuance of such Bond to such first Interest Payment Date); (b) a deposit to the Principal Account of the Subordinated Bonds Debt Service Fund in an amount equal to one-twelfth of the amount necessary to pay the principal amount of any Subordinated Bonds maturing on the next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit (provided no deposit shall be made which would duplicate required deposits to the Subordinated Bonds Sinking Fund); and (c) a deposit to the Subordinated Bonds Sinking Fund in an amount equal to one-twelfth of the principal amount required on the next succeeding mandatory redemption date of the Subordinated Bonds occurring on or before the second Interest Payment Date following such deposit.

After making the deposits described above, on or before the Business Day immediately preceding each Interest Payment Date, the Trustee shall transfer from the Revenue Fund to the Subordinated Bonds Debt Service Reserve Fund (out of the balance, if any, remaining in the Revenue Fund) the amount, if any, required to make the funds deposited in the Subordinated Bonds Debt Service Reserve Fund equal to the Subordinated Bonds Debt Service Reserve Requirement.

The Trustee shall make payments from the applicable Funds, without further authorization from the Commission, for the purposes for which such Funds were established.

After making all the aforesaid deposits, the Trustee is required to transfer from the Revenue Fund, on or before the Business Day immediately preceding an Interest Payment Date, to the credit of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10 million remaining in

the Revenue Fund. As of August 1, 2025, the balance in the Oil Franchise Tax General Fund was approximately \$95.1 million, and the balance in the Revenue Fund was approximately \$19.8 million. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and, absent any deficiency in funds and accounts held under the OFT Indenture, such funds may be used by the Commission for the purposes described in the OFT Indenture, including, without limitation, for any of its lawful corporate purposes. See "SECURITY FOR THE 2025 BONDS – Revenue Fund Excess Balance and Oil Franchise Tax General Fund" for more information.

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Senior Bonds Debt Service Fund – Senior Bonds Sinking Fund – Subordinated Bonds Debt Service Fund – Subordinated Bonds Sinking Fund – Subordinated Bonds Debt Service Reserve Fund, and – Oil Franchise Tax General Fund" attached hereto.

Subordinated Bonds Debt Service Reserve Fund

The OFT Indenture established a Subordinated Bonds Debt Service Reserve Fund (the "*Subordinated Bonds Debt Service Reserve Fund*") for the benefit of the holders of the Subordinated Bonds on a parity basis. The Subordinated Bonds Debt Service Reserve Requirement for the Subordinated Bonds Debt Service Reserve Fund is an amount equal to one-half of the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds. Upon issuance of the 2025B Subordinated Bonds, the Subordinated Bonds Debt Service Reserve Fund will be fully funded with cash and securities to satisfy the Subordinated Bonds Debt Service Reserve Requirement of \$22,789,937.50.

Moneys held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall be used for the purpose of paying interest on, maturing principal of, and mandatory sinking fund redemption payments of the Subordinated Bonds whenever and to the extent that the moneys held for the credit of the Subordinated Bond Debt Service Fund or any applicable account in any Sinking Fund shall be insufficient for such purpose. For purposes of calculating the Subordinated Bonds Debt Service Reserve Requirement, debt service is reduced by the Issuer Subsidy.

In lieu of the deposit of money into the Subordinated Bonds Debt Service Reserve Fund, the Commission may cause to be provided a surety bond or insurance policy payable to the Trustee for the benefit of the holders of the Subordinated Bonds or a letter of credit in an amount equal to the difference between the Subordinated Bonds Debt Service Reserve Requirement and the amounts then on deposit in the Subordinated Bonds Debt Service Reserve Fund. The surety bond, insurance policy or letter of credit shall be payable (upon the giving of one Business Day's notice) on any Interest Payment Date on which moneys will be required to be withdrawn from the Subordinated Bonds Debt Service Reserve Fund and applied to the payment of the principal of or interest on the Subordinated Bonds to the extent that such withdrawals cannot be made from amounts credited to the Subordinated Bonds Debt Service Reserve Fund.

If the issuer of a surety bond, insurance policy or letter of credit on deposit in the Subordinated Bonds Debt Service Reserve Fund shall cease to have the rating as required by the OFT Indenture, the issuer of such surety bond, insurance policy or letter of credit shall immediately

notify the Commission and the Trustee in writing, and the Commission shall use reasonable efforts to replace such surety bond or insurance policy with one issued by an issuer having a rating so described, but shall not be obligated to pay, or commit to pay, increased fees, expenses, or interest in connection with such replacement or to deposit Tax Revenues in the Subordinated Bonds Debt Service Reserve Fund in lieu of replacing such surety bond, insurance policy or letter of credit with another. **Holders of the Senior Bonds, including the 2025A Senior Bonds, shall have no claim to the Subordinated Bonds Debt Service Reserve Fund.**

See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Subordinated Bonds Debt Service Reserve Fund" attached hereto.

Revenue Fund Excess Balance and Oil Franchise Tax General Fund

The Commission transferred \$10,000,000 from the Oil Franchise Tax General Fund into the Revenue Fund on the date of issuance of the \$310,475,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 1998 and the \$228,405,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 1998. All Tax Revenues to be received from the Commonwealth are to be paid to the Trustee for deposit into the Revenue Fund. The OFT Indenture provides that, after first having made the required debt service, sinking fund, and reserve fund payments out of the Revenue Fund, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Oil Franchise Tax General Fund, the balance, if any, in excess of \$10,000,000 remaining in the Revenue Fund.

The Oil Franchise Tax General Fund shall be held by the Trustee, in trust, and shall be used to make up deficiencies in any funds or accounts created under the OFT Indenture and, in the absence of any such deficiency, may be expended by the Commission: (a) to purchase or redeem Bonds or any other obligations issued by the Commission; (b) to make payments into the Construction Fund; (c) to fund improvements, extensions and replacements of the Pennsylvania Turnpike System; (d) to fund amounts payable by the Commission under a Parity Swap Agreement or to deliver collateral under a Parity Swap Agreement (provided the Commission has moneys available to pay debt service on the Senior Obligations for the next 12 months); or (e) to further any lawful corporate purpose. The balance in the Oil Franchise Tax General Fund as of August 1, 2025 was approximately \$95.1 million and the balance in the Revenue Fund as of August 1, 2025 was approximately \$19.8 million. The OFT Indenture does not require the Commission to maintain a balance in the Oil Franchise Tax General Fund. The Commission currently intends to use a portion of the funds on deposit in the Oil Franchise Tax General Fund to fund various capital expenditures, including expenditures related to the approximately \$200 million of the costs allocable to installing the fiber optic network across the western portion of the Turnpike System over the next five years. See "APPENDIX C – SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE – THE ORIGINAL INDENTURE – Oil Franchise Tax General Fund."

Additional Bonds Generally

The OFT Indenture provides for the issuance of Additional Senior Bonds and Additional Subordinated Bonds. The Additional Bonds may be issued under and secured by the OFT Indenture at any time or times for the purpose of paying the cost of all or any part of any Project

or completion of any Project or for the purpose of refunding all or any portion of the Bonds then outstanding and, in each case, paying costs incurred in connection with the issuance of such Additional Bonds and making any necessary contributions to the Subordinated Bonds Debt Service Reserve Fund.

Additional Bonds for Projects

If Additional Senior Bonds are proposed to be issued for purposes of paying costs of a Project or completion of a Project, and costs of issuance relating thereto, the Commission shall deliver to the Trustee, among other things, a certificate signed by the Treasurer, Assistant Treasurer, Chief Financial Officer, or Deputy Executive Director/Finance and Administration of the Commission (a "Commission Certificate") demonstrating and concluding that the Historic Tax Revenues (as defined below) were not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under the OFT Indenture after the issuance of the proposed Additional Senior Bonds

If Additional Subordinate Bonds are proposed to be issued for purposes of paying costs of a Project or completion of a Project, and costs of issuance relating thereto, and for necessary contributions to the Subordinated Debt Service Reserve Fund, the Commission shall deliver to the Trustee, among other things, a Commission Certificate demonstrating and concluding that the Historic Tax Revenues were not less than 115% of the Maximum Principal and Interest Requirements on account of all Bonds to be outstanding under the OFT Indenture after the issuance of the proposed Additional Subordinated Bonds.

For purposes of calculating the Maximum Principal and Interest Requirements as set forth above, debt service does not include interest to the extent of the Issuer Subsidy.

In any computation of Historic Tax Revenues for purposes of the tests described above, if the rate or rates at which the Oil Franchise Tax are imposed or the percentage of Tax Receipts to be received by the Commission during all or any part of the period for which any such calculation is made shall be different from the rate or rates at which the Oil Franchise Tax is imposed or the percentage of Tax Receipts received by the Commission in effect at the time such calculation is made, there shall be added to or deducted from said Tax Revenues so calculated, any increase or decrease in the Tax Revenues for such period which would result from such different rate or rates or percentage.

"Tax Receipts" are defined in the OFT Indenture as the amounts received by the Trustee from the Commonwealth and paid from the Oil Franchise Tax.

"Tax Revenues" are defined in the OFT Indenture as the Tax Receipts or any receipts, revenues and other money received by the Trustee on or after the date of the OFT Indenture from any tax or other source of funds from the Commonwealth in substitution and/or replacement of the Tax Receipts and the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to the OFT Indenture, but excluding any moneys received by way of grant or contribution from any governmental agency or other entity specifically designated by the grantor or contributor for a particular purpose.

"Historic Tax Revenues" are defined in the OFT Indenture, as the Tax Revenues for any 12 consecutive calendar months within the preceding 24 calendar months with such adjustments as may be required pursuant to the OFT Indenture and shall exclude the \$10,000,000 initially deposited in the Revenue Fund.

Additional Bonds for Refunding Purposes

If Additional Senior Bonds are proposed to be issued for refunding purposes, including payment of costs of issuance, the Commission shall deliver to the Trustee, among other things, a Commission Certificate demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Annual Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Senior Bonds shall be either (i) at least 200%, or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds.

If Additional Subordinated Bonds are proposed to be issued for refunding purposes, including payment of costs of issuance, the Commission shall deliver to the Trustee, among other things, a Commission Certificate demonstrating that the percentage derived by dividing the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Bonds outstanding after delivery of such Additional Subordinated Bonds shall be either (i) at least 115%, or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Subordinated Bonds.

Obligations Secured by Other Revenue Sources

The Commission has also issued (i) Turnpike Senior Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of \$7,425,720,000, (ii) Registration Fee Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of \$294,490,000, (iii) Motor License Fund-Enhanced Subordinate Special Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of \$944,885,068 (including compounded amounts as of June 1, 2025), and Turnpike Subordinate Revenue Bonds that as of the date of this Official Statement are outstanding in the aggregate principal amount of \$5,902,581,061 (including compounded amounts as of June 1, 2025). The Commission has entered into various interest rate exchange agreements with respect to certain Turnpike Senior Revenue Bonds, Registration Fee Revenue Bonds and Subordinate Bonds. Neither the Turnpike Senior Revenue Bonds, the Registration Fee Revenue Bonds, the Motor License Fund-Enhanced Subordinate Special Revenue Bonds nor the Turnpike Subordinate Revenue Bonds are secured by or have any interest in the Trust Estate. Furthermore, neither the Tolls, Registration Fee Revenues, nor moneys in the Motor License Fund are pledged to secure the 2025 Bonds. See "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission" and "APPENDIX A – THE PENNSYLVANIA TURNPIKE COMMISSION – Commission Indebtedness" attached hereto.

Parity Swaps

The following chart summarizes certain terms of the Parity Swaps and shows the series of Outstanding Bonds to which the Parity Swaps relate.

PARITY SWAPS OF THE COMMISSION

(as of August 1, 2025)

<u>OFT Bond Series</u>	<u>Notional Amount (USD)</u>	<u>Counterparty</u>	<u>Effective Date</u>	<u>Type of Transaction</u>
2009B, 2016A	\$ 77,350,000	JP Morgan	5/15/2014	SOFR/CMS Basis
2009B, 2016A	77,350,000	RBC	5/15/2018	SOFR/CMS Basis
2009B, 2016A	46,410,000	Bank of New York	8/14/2003	SIFMA/SOFR Basis
2009B, 2016A	108,290,000	JP Morgan	8/14/2003	SIFMA/SOFR Basis

There are a number of risks associated with interest rate exchange agreements, like the Parity Swaps, that could affect the value of the agreements, the ability of the Commission to accomplish its objectives in entering into the Parity Swaps and the ability of the Commission to meet its obligations under the Parity Swaps. These risks include, among others, the following: counterparty risk – the failure of the counterparty to make required payments; credit risk – the occurrence of an event modifying the credit rating of the Commission or its counterparty; termination risk – the need to terminate the transaction in a market that dictates a termination payment by the Commission under certain events, including but not limited to, credit rating downgrades of the Commission, defaults, etc.; collateral posting risk – the risk of the Commission posting collateral upon certain credit rating downgrades; tax risk – the risk created by potential tax events that could affect Swap payments; and basis risk – the mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.

The Commission actively monitors the degree of risk and exposure associated with the Swaps to which it is a party but can offer no assurances that compliance with its Swap Policy (hereinafter defined) will prevent the Commission from suffering adverse financial consequences as a result of these transactions. See "INVESTMENT CONSIDERATIONS" herein and "APPENDIX A – CERTAIN OTHER INFORMATION – Financial Policies and Guidelines" attached hereto.

OIL FRANCHISE TAX

The Oil Franchise Tax was first imposed in 1981 by Act 35, in the amount of 35 mills on each gallon of petroleum sold. The tax was increased by an additional 25 mills in 1983 by Act 32 and an additional 55 mills in 1991 by Act 26. With Act 3 of 1997, the tax was increased by an additional 38.5 mills to a total of 153.5 mills on all liquid fuels (primarily gasoline) and an additional 55 mills (for a total increase of 93.5 mills) for a total of 208.5 mills on liquid fuels, other fuels (which includes diesel fuel and all combustible gases and liquids used in an internal combustion engine for the generation of power to propel vehicles on the public highways, but excluding liquid fuels or dyed diesel fuel). Following the passage of Act 89, the distribution of the revenues derived from the Oil Franchise Tax was adjusted as reflected below. Additionally, the

changes to the collection of additional revenue from the Oil Franchise Tax authorized by Act 89 has increased the amount of revenue available to the Commission for the purposes discussed herein. See "OIL FRANCHISE TAX – Act 89" below.

The additional 55 mills added in 1991, imposed on liquid fuels and fuels, are distributed pursuant to Act 89 as follows beginning on July 1, 2016:

- (i) 19% Maintenance;
- (ii) 40% Highway capital projects;
- (iii) 13% Bridges;
- (iv) 2% County and forestry bridges;
- (v) 12% Municipalities;
- (vi) 14% Toll Roads.

Commission Allocation

The Commission Allocation of the Oil Franchise Tax consists of 14% of the additional 55 mills of the Oil Franchise Tax which became effective pursuant to Act 26 beginning on September 1, 1991. The law provides for monthly payments to the Commission. As the revenues from the Oil Franchise Tax are collected by the Department of Revenue, they are required to be deposited into a restricted account of the Motor License Fund of the Commonwealth held by the Department of Transportation. No administrative fees or expenses are deducted and no earnings are added.

The administrative process for paying the Commission Allocation involves an executive authorization, based on official revenue estimates, executed by the Governor each year at or prior to the beginning of the Commonwealth's fiscal year which ends on June 30 each year. The Commission's Fiscal Year ends on May 31 each year. The Governor is required by law to authorize payment of the Commission Allocation.

Such authorization is based on estimated Oil Franchise Taxes at the beginning of the year and authorizes payment of the Commission Allocation monthly as described above based on such estimates. If the amount collected during the year varies from the estimate, a reconciliation is prepared by the Commonwealth and there is a subsequent adjustment of payments. Payments to the Commission are made in accordance with the current Department of Revenue administrative procedure, on a priority basis over other uses of the Oil Franchise Tax. This priority procedure is not mandated by statute.

See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax, and the Commission Allocation.

Pledge and Appropriation

Section 9511(h) of Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes provides as follows:

The Commonwealth does hereby pledge to and agrees with any person, firm or corporation acquiring any bonds to be issued by the Pennsylvania Turnpike Commission and secured in whole or in part by a pledge of the portion of the tax known as the "oil company franchise tax for highway maintenance and construction" which is imposed by Section 9502(a)(2) and distributed in the manner indicated in that section, including 14% for toll roads designated under the Turnpike Organization, Extension and Toll Road Conversion Act, that the Commonwealth will not limit or alter the rights vested in the Pennsylvania Turnpike Commission to the appropriation and distribution of such tax revenues.

In connection with the issuance of the 2025 Bonds, Co-Bond Counsel will deliver their opinion that, pursuant to the Oil Franchise Tax Act, the Commission Allocation has been appropriated by the Commonwealth and the payment of the Commission Allocation to the Commission by the Commonwealth does not require further legislative appropriation or approval. See "APPENDIX D – FORM OF OPINION OF CO-BOND COUNSEL" attached hereto.

In the OFT Indenture, the Commission also covenants that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax and covenants that the Commission will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay amounts due under the OFT Indenture.

The Trustee may and, upon receipt of written direction from the holders of not less than twenty-five (25%) in principal amount of the Bonds then outstanding and upon being indemnified to its satisfaction, shall institute and prosecute in a court of competent jurisdiction any appropriate action to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax.

See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax, and the Commission Allocation.

Act 3

Act 3, which was enacted on April 17, 1997, revised certain of the provisions of Act 26 which contains the appropriation of the Commission Allocation of the Oil Franchise Tax. These revisions include the clarification of the definitions of liquid fuels and fuels as the subjects of the tax. In addition, Act 3 designated distributors rather than the previously designated dealers to be the payors of the Oil Franchise Tax.

Act 3 requires that each distributor obtain an annual fuels permit in order to engage in the sale and delivery of liquid fuels within the Commonwealth. The renewal of such permit is conditioned on the filing of a surety bond or letter of credit as security for the distributor's

obligation to pay the tax and the distributor faithfully complying with the requirement to pay the Oil Franchise Tax. The amount of the surety bond or letter of credit is based on each distributor's historic tax payments.

Act 3 further provides that all appropriate Oil Franchise Taxes collected by the distributors shall constitute a trust fund for the Commonwealth. The trust is enforceable against the distributor and any person, other than a purchaser to whom a refund has been properly made, receiving any part of the fund without consideration or knowing that the distributor is committing a breach of trust. Unpaid taxes for which a trust is enforced against the officers of the distributor are a lien upon the franchise and property of such distributor and officers.

Pursuant to Act 3, the first \$28 million of statewide motor vehicle registration fees collected annually is deposited in the Motor License Fund and is allocated to the Commission. These revenues are not a part of the Trust Estate securing the 2025 Bonds. The Commission has fully leveraged those monies to secure Registration Fee Revenue Bonds issued by the Commission in 2005 and remarketed in 2015 (the "*MVR Bonds*"). When the Commission remarketed the MVR Bonds in 2015, it pledged to use any available balances in the Oil Franchise Tax General Fund to replenish either of two liquidity accounts (the "*MVR Liquidity Accounts*") supporting the MVR Bonds.

The MVR Bonds are secured under a separate indenture and by a trust estate entirely separate and distinct from the Trust Estate supporting the 2025 Bonds or any Outstanding Bonds, with the sole exception of the supplemental credit pledge of the Oil Franchise Tax General Fund. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and, absent any deficiency in funds or accounts under the OFT Indenture, such funds may be used by the Commission for the purposes described in the OFT Indenture, including any lawful corporate purpose. The MVR Liquidity Accounts are each required to maintain a \$22.5 million balance and collectively, the combined accounts are required to maintain a \$45 million aggregate balance. The MVR Liquidity Accounts are used to make up for an anticipated short fall in available MVR revenues versus MVR fixed and variable rate debt service plus swap payments.

To date, the Commission has never needed to transfer funds from the Oil Franchise Tax General Fund to fund any deficiency in the MVR Liquidity Accounts.

Act 89

On November 25, 2013, Act 89 was enacted to provide additional and sustained investment in the Commonwealth of Pennsylvania's aging transportation infrastructure. Specifically with respect to the Commission, the revenue enhancements enacted in Act 89 were expected to generate additional funds each year for investment in the Commission's transportation infrastructure. Among other things, Act 89 amended provisions that over a period of five years eliminated the cap on the average wholesale price per gallon of all taxable liquid fuels and fuels for purposes of calculating the Oil Franchise Tax. See "OIL FRANCHISE TAX – Collection and Calculation of Oil Franchise Tax" herein. The additional revenues made available to the Commission pursuant to Act 89 have generally been used for construction, reconstruction, maintenance and repair of and

safety on public highways and bridges and costs and expenses incident thereto, including security for all Outstanding Bonds, as well as the 2025 Bonds.

Liquid Fuels and Fuels as the Subjects of Oil Franchise Tax

The Oil Company Franchise Tax, which is designated as a tax for highway maintenance and construction, is imposed by Section 9502 of Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes upon all "liquid fuels," and "fuels." The Oil Company Franchise Tax is not imposed upon "alternative fuels."

"Liquid fuels" are defined as all products derived from petroleum, natural gas, coal, coal tar, vegetable ferments, and other oils. The term includes gasoline, naphtha, benzol, benzine, or alcohols, either alone or when blended or compounded, which are practically and commercially suitable for use in internal combustion engines for the generation of power or which are prepared, advertised, offered for sale, or sold for use for that purpose. The term does not generally include kerosene, fuel oil, gas oil, diesel fuel, tractor fuel by whatever trade name or technical name known having an initial boiling point of not less than 200 degrees Fahrenheit and of which not more than 95% has been recovered at 464 degrees Fahrenheit (ASTM method D-86), liquefied gases which would not exist as liquids at a temperature of 60 degrees Fahrenheit and pressure of 14.7 pounds per square inch absolute, or naphthas and benzols and solvents sold for use for industrial purposes.

"Fuels" are defined as including diesel fuel and all combustible gases and liquids used for the generation of power in aircraft or aircraft engines, or used in an internal combustion engine for the generation of power to propel vehicles on the public highways. The term does not include liquid fuels or dyed diesel fuel.

"Alternative fuels" are defined as natural gas, compressed natural gas, liquefied natural gas, liquid propane gas and liquefied petroleum gas, alcohols, gasoline-alcohol mixtures containing at least 85% alcohol by volume, hydrogen, hythane, electricity and any other fuel used to propel motor vehicles on the public highways which is not taxable as fuels or liquid fuels.

The Commonwealth's liquid fuels tax statute exempts fuel used by or sold to the United States government, the Commonwealth and its political subdivisions, volunteer fire companies, volunteer ambulance services and volunteer rescue squads, second class county port authorities and nonpublic schools not operated for profit. Such exemptions also are applied to the Oil Franchise Tax. The Department of Revenue may require purchasers of liquid fuels and fuels to provide the selling oil company with documentation to substantiate any portion of its purchases which are to be used for a nontaxable purpose.

Collection and Calculation of Oil Franchise Tax

The Department of Revenue is charged with the enforcement of the provisions of Chapters 90 and 95 of Title 75 of the Pennsylvania Consolidated Statutes. All taxes, interest and penalties imposed by Chapter 95 of Title 75 of the Pennsylvania Consolidated Statutes are to be deposited in the Motor License Fund and that amount resulting from the 55 mills is allocated, as described above under this caption "OIL FRANCHISE TAX."

The Oil Franchise Tax is imposed and collected upon all gallons of taxable liquid fuels and fuels. Distributors are liable to the Commonwealth for the collection and payment of this tax which is required to be collected by the distributor at the time the liquid fuels and fuels are used or sold and delivered by the distributor.

The collection on a "cents-per-gallon equivalent basis" (millage rate) is defined as the average wholesale price per gallon multiplied by the decimal equivalent of the tax imposed which, in the case of the Commission, is the additional 55 mills added in 1991 multiplied by 14%. The average wholesale price means the average wholesale price per gallon of all taxable liquid fuels and fuels, excluding the federal excise tax and all liquid fuels taxes, as determined by the Department of Revenue for the 12-month period ending on the September 30 immediately prior to January 1 of the year for which the rate is to be set.

Prior to the enactment of Act 89, there was a statutorily imposed cap on the average wholesale price for purposes of calculating the Oil Franchise Tax in which the average wholesale price was capped at a maximum of \$1.25 per gallon. At that time, the level was materially below wholesale market prices for fuel and had the effect of artificially reducing Oil Franchise Tax revenues to both the Commonwealth and the Commission. With the enactment of Act 89 in November 2013, the Commonwealth, over a period of five years ending in the Commonwealth's fiscal year 2018, eliminated the cap on the average wholesale price for the purpose of calculating the Oil Franchise Tax. In addition to eliminating the statutory cap on the average wholesale price, Act 89 also established minimum levels, or "floors," to be used in the calculation of average wholesale price.

As a result of Act 89, for any period after December 31, 2016, the Pennsylvania Department of Revenue shall calculate the average wholesale price for the 12-month period ending on September 30 immediately prior to the January 1 of the year for which the rate is to be set, and in no case shall the average wholesale price be less than \$2.99 per gallon after December 31, 2016.

Historical Consumption Amounts

The following Table I lists historic gallonage consumed for the primary fuels on which the Oil Franchise Tax is imposed in each of the last ten fiscal years of the Commonwealth, as well as the nine-month periods beginning July 1st and ending March 31st for the years 2025, 2024 and 2023. Table I provided below does not purport to include all fuels on which the Oil Franchise Tax is calculated. For a full description, see "OIL FRANCHISE TAX – Liquid Fuels and Fuels as the Subjects of Oil Franchise Tax." See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax and the Commission Allocation.

TABLE I
Historical Gallonage Consumption for Oil Franchise Tax Gasoline and Diesel Fuels

Commonwealth Fiscal Year Ending June 30	Gasoline	Diesel	Total Gallonage
2014	4,894,799,583	1,368,234,811	6,263,034,394
2015	4,901,588,125	1,377,637,478	6,279,225,603
2016	4,849,456,308	1,298,310,424	6,147,766,732
2017	4,853,946,130	1,288,257,797	6,142,203,927
2018	4,811,808,049	1,312,576,036	6,124,384,085
2019	4,782,515,225	1,306,123,281	6,088,638,506
2020	4,358,918,510	1,261,252,410	5,620,170,920
2021	4,241,877,876	1,311,035,171	5,552,913,047
2022	4,435,575,155	1,309,687,591	5,745,262,746
2023	4,368,894,446	1,272,995,703	5,641,890,149
2024	4,383,951,620	1,231,725,759	5,615,677,379
Nine-Month Period of July 1st to March 31st	Gasoline	Diesel	Total Gallonage
2023	3,243,360,262	951,509,160	4,194,871,445
2024	3,254,683,360	914,117,239	4,168,802,623
2025	3,263,593,385	934,102,036	4,197,695,421

Source: The Pennsylvania Department of Transportation.

Amounts of Oil Franchise Tax Collected

The following Table II lists the amounts of Oil Franchise Tax collected by the Commonwealth and deposited into the Motor License Fund in each of the last ten fiscal years of the Commonwealth. The historical Commission Allocation presented below reflects actual receipts by the Commission.

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TABLE II
Historical Oil Franchise Tax Collections and Commission Allocation

(Dollar Amounts in Thousands)
(Reported on a Cash Basis)

<u>Fiscal Year Ended</u>	<u>Tax Collected ⁽¹⁾</u>	<u>Commission Allocation ^{(2),(3)}</u>
2016	\$841,279	\$121,130
2017	906,042	120,754
2018	1,016,312	142,793
2019	1,004,534	141,594
2020	929,683	141,665
2021	906,855	114,176
2022	950,192	136,522
2023	953,660	130,812
2024	961,400	137,514
2025 ⁽⁴⁾	928,659	128,998

Source: The Pennsylvania Department of Transportation.

⁽¹⁾ Amount determined at the end of the Commonwealth's fiscal year ending June 30 of each year.

⁽²⁾ Amount determined at the end of the Commission's fiscal year ending May 31 of each year.

⁽³⁾ The amount of the Commission's Allocation does not equal exactly 14% of the tax collected from the added 55 mills because of the difference between the Commonwealth's and the Commission's fiscal years.

⁽⁴⁾ Preliminary, unaudited.

The following table sets forth the estimated Oil Franchise Tax collections for fiscal years 2026 through 2030 as set forth in the Governor's Executive Budget for the Commonwealth's fiscal year 2025-2026, which commenced on July 1, 2025. The estimates are calculated based on prior year revenues and reasonable expectations of receipts based on prior year revenues. There can be no assurance that the Commission allocation or the estimated available revenues in the years shown will not vary materially and/or adversely from the estimates. See "INVESTMENT CONSIDERATIONS" herein for additional investment considerations relating to the imposition and collection of the Oil Franchise Tax and the Commission Allocation.

Estimated Projections for Future
Oil Franchise Tax Collections and Commission Allocation

(Dollar Amounts in Thousands)

<u>Fiscal Year Ended June 30</u>	<u>Estimated Oil Franchise Tax</u>	<u>Estimated Commission Allocation</u>
2026	\$918,100	\$128,534
2027	903,300	126,462
2028	890,000	124,600
2029	879,400	123,116
2030	881,500	123,410

Source: The Governor's Executive Budget for the Commonwealth's fiscal year 2025-2026 and are estimates only. There can be no assurances that the Commission Allocation or the estimated available revenues in the years shown will not vary materially and/or adversely from the estimates.

Debt Service Coverage

A table setting forth the total debt service requirements for the Outstanding Bonds is attached hereto as APPENDIX F.

Based on the information set forth in Table II and APPENDIX F, the following Table III has been compiled to show historical debt service coverage for the Outstanding Bonds, including receipt of the Issuer Subsidy.

**TABLE III
HISTORICAL OIL FRANCHISE TAX DEBT SERVICE COVERAGE**

Commission Fiscal Year Ending May 31	Tax Receipts ⁽¹⁾	Senior Debt Service ^{(2),(5)}	Senior Coverage	Total Debt Service ^{(3),(5)}	Total Coverage ⁽⁴⁾
2016	\$121,130,001	\$29,295,709	4.13	\$50,515,902	2.40
2017	120,753,570	25,882,608	4.67	45,568,424	2.65
2018	142,793,380	26,577,803	5.37	46,110,282	3.10
2019	142,968,000	32,432,452	4.41	57,181,467	2.50
2020	141,665,000	38,547,671	3.68	68,740,782	2.06
2021	114,175,581	38,872,139	2.94	64,173,780	1.78
2022	136,521,724	39,927,846	3.42	70,272,114	1.94
2023	130,811,592	55,556,390	2.35	94,769,868	1.38
2024	137,513,515	55,603,190	2.47	94,834,318	1.45
2025	128,997,348	55,642,740	2.32	94,908,180	1.36

Source: The Pennsylvania Department of Transportation and the Commission.

⁽¹⁾ Actual Commission Allocation received.

⁽²⁾ Computed on a Commission Fiscal Year basis. The Commission's Fiscal Year ends May 31st.

⁽³⁾ Computed on a Commission Fiscal Year basis, but with the addition of the Principal and Interest Requirements on Subordinated Bonds.

⁽⁴⁾ Debt Service Reserve Fund earnings, if any, are available only for the Subordinated Bonds. This table does not assume any Debt Service Reserve Fund earnings.

⁽⁵⁾ Debt Service reflects receipt of the Issuer Subsidy with respect to Oil Franchise Tax Build America Bonds. See "INVESTMENT CONSIDERATIONS – Reduction in federal subsidy payable to the Commission for its Outstanding Build America Bonds due to sequestration" herein.

Based upon the estimated Oil Franchise Tax collections for fiscal years 2026 through 2030 as set forth in the Governor's Executive Budget for the Commonwealth's fiscal year 2025-2026, and assuming receipt of the Issuer Subsidy, the following table has been compiled to show that pro forma debt service coverage projections after issuing the 2025 Bonds are estimated to meet the Additional Bonds requirements for both the Senior Bonds and all Bonds issued under the OFT Indenture.

PROJECTED OIL FRANCHISE TAX DEBT SERVICE COVERAGE

OFT Indenture ABT Debt Service Year Ending June 1⁽¹⁾	Estimated Tax Receipts⁽²⁾	Senior Debt Service^{(3),(5)}	Estimated Senior Coverage⁽³⁾	Total Debt Service^{(3),(4),(5)}	Estimated Total Coverage⁽³⁾
2026	\$128,534,000	\$59,911,621	2.15	\$101,154,402	1.27
2027	126,462,000	61,557,764	2.05	103,603,963	1.22
2028	124,600,000	61,554,222	2.02	103,601,573	1.20
2029	123,116,000	61,556,198	2.00	103,597,522	1.19
2030	123,410,000	61,556,284	2.00	103,597,813	1.19

⁽¹⁾ In accordance with the terms of the Additional Bonds test in the OFT Indenture, payments of principal or interest which are due on the first day of a Fiscal Year shall be assumed to be due on the last day of the immediately preceding Fiscal Year.

⁽²⁾ Projected Commission Allocation assumes estimated annual Oil Franchise Tax revenue as stated in the Governor's Executive Budget for the Commonwealth's fiscal year 2025-2026.

⁽³⁾ Computed in accordance with the Additional Bonds requirements as stated in the OFT Indenture.

⁽⁴⁾ Debt Service Reserve Fund earnings, if any, are available only for Subordinated Bonds. This table does not assume any Debt Service Reserve Fund earnings.

⁽⁵⁾ Debt Service reflects receipt of the Issuer Subsidy with respect to Oil Franchise Tax Build America Bonds. See "INVESTMENT CONSIDERATIONS – Reduction in federal subsidy payable to the Commission for its Outstanding Build America Bonds due to sequestration" herein.

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INVESTMENT CONSIDERATIONS

There are various investment considerations which could adversely affect the sufficiency of the Trust Estate and which, if present, may result in an inability to meet the debt service requirements on the 2025 Bonds. The following is intended only as a summary of investment considerations attendant to an investment in the 2025 Bonds and is not intended to be exhaustive. To identify risk factors and make informed investment decisions, potential investors should be thoroughly familiar with the entire Official Statement (including each Appendix hereto), the OFT Indenture, and related documents to make a judgment as to whether the 2025 Bonds are an appropriate investment. The following investment considerations are among those which should be considered by a potential investor:

Oil Franchise Tax Revenues may decline

The statistical information in this Official Statement regarding Oil Franchise Tax revenues collected and received by the Commission is historical. The projected estimates for future Oil Franchise Tax revenue collections are based on budget projections prepared by the Commonwealth as part of the Governor's Executive Budget for the Commonwealth's Fiscal Year 2025 budget. The actual amount of future Oil Franchise Tax revenues collected and received by the Commission cannot be predicted and may be affected by a number of factors including but not limited to:

- Reduced demand for motor fuel;
- Increasing costs of motor fuels;
- Increasing fuel efficiency of motor vehicles;
- Increased substitution of alternative energy sources for motor vehicles;
- Development of alternative energy sources;
- Development of mass transit; and
- Changing demographics within the Commonwealth.

See "OIL FRANCHISE TAX – Historical Consumption Amounts" and – Amounts of Oil Franchise Tax Collected" herein for historical data regarding the imposition and collection of the Oil Franchise Tax.

Certain legislative actions may result in changes to

From time to time, legislation is introduced in the Pennsylvania General Assembly which may affect the Commission and therefore may affect certain of the assumptions made in this Official Statement. The Commission cannot predict if any of such

**the Commission, Act 44,
or Act 89**

bills or other legislation will be enacted into law, or how any such legislation may affect the Commission's ability to make timely payments on the 2025 Bonds. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation."

See "OIL FRANCHISE TAX" herein for more information on the imposition and collection of the Oil Franchise Tax and the Commission Allocation.

Investors in the 2025B Subordinated Bonds bear greater risk of non-payment because the priority of payment of interest and principal payments on the 2025B Subordinated Bonds is subordinate to all Senior Obligations under the OFT Indenture

The 2025B Subordinated Bonds are subordinate in right of payment to the payment of then 2025A Senior Bonds and all other Senior Bonds issued and outstanding under the OFT Indenture, as well as payments under Parity Swap Agreements relating to Senior Bonds. In addition, it is possible that additional Senior Bonds and other Senior Obligations may be issued in the future by the Commission under the OFT Indenture, which would increase the amount of Senior Bonds and such other payments to which payment on the 2025B Subordinated Bonds is subordinated, thus increasing the risk of nonpayment to 2025B Subordinated Bonds.

The Commission's financial condition may be adversely affected as a consequence of adverse changes in the financial condition of third-party financial institutions

Adverse changes in the financial condition of certain third-party financial institutions, including swap counterparties, providers of credit facilities (including providers of direct-pay letters of credit and bond insurers which have issued or may issue insurance policies on one or more series of Bonds) may adversely affect the Commission's financial position. Different types of investment and contractual arrangements may create exposure for the Commission to such institutions including:

- Risk to the Commission's investment portfolio due to defaults or changes in market valuation of the debt securities of such institutions;
- Counterparty risk related to swaps used by the Commission to hedge its cost of funds; and
- Risk of rating changes of the Commission's credit enhancers or liquidity providers which may adversely affect the interest costs on the Commission's variable rate debt, or which may render such variable rate debt unmarketable.

Bankruptcy risk; Lien position

The rights and remedies of Bondholders 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 (unless such debts are the subject of a bona fide dispute), or is unable to pay 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 ENABLING ACTS DO NOT CURRENTLY AUTHORIZE THE COMMISSION TO FILE A PETITION UNDER THE BANKRUPTCY CODE.

Reductions in federal subsidy payable to the Commission for its Outstanding Build America Bonds due to sequestration

A series of automatic federal deficit reduction spending cuts known as "sequestration" became effective on March 1, 2013, as a result of the failure by Congress to adopt alternative deficit reduction legislation; legislation has extended sequestration through the 2030 federal fiscal year. Sequestration will affect the federal subsidy payable to the Commission with respect to its Outstanding Build America Bonds. The federal subsidy has been reduced in each fiscal year, commencing with the federal fiscal year ended September 30, 2013. In August 2020, based on guidance issued by the Internal Revenue Service, such federal subsidy of 35% is reduced by 5.7% for payments from October 1, 2020, through September 30, 2030. The sequestration reduction rate will be applied unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change. Reductions of the federal subsidies payable to the Commission with respect to its Outstanding Build America Bonds in future federal fiscal years could be caused by future action or inaction by Congress, cannot be predicted, and could result in the federal subsidy being reduced to zero. Adverse changes in the amount of the federal subsidy the Commission receives on its Build America Bonds will require the Commission to use other funds to offset the loss of this subsidy. The Commission currently has approximately \$875 million of Turnpike Senior Revenue Bonds and \$229 million of Bonds issued under the OFT Indenture Outstanding as Build America Bonds. In Fiscal Year 2025, the Commission

received federal Build America Bond subsidies in the amount of \$21.1 million.

Possible changes in federal or Commonwealth tax laws could affect the excludability or deductibility of interest on tax-exempt bonds such as the 2025 Bonds

Current and future legislative proposals, if enacted into law, could cause interest on the 2025 Bonds to be subject, directly or indirectly, to federal income taxation, or to be subject to or not be exempted from income taxation imposed by the Commonwealth, or otherwise prevent the owners of the 2025 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 2025 Bonds. Prospective purchasers of the 2025 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, as to which Co-Bond Counsel will express no opinion. See "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

Litigation and Other Actions Against the Commission

The Commission is subject to litigation from time to time and may be subject to litigation and other actions in the future which could adversely affect the financial position of the Commission. The Commission cannot predict when or if any action will be brought against the Commission in the future, and, if brought, whether any action would be successful or result in monetary damages or other relief being imposed upon the Commission. See "LITIGATION" herein and "APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Pending Legislation– Commission Litigation" attached hereto.

The 2025 Bonds may be repaid early due to the exercise of the redemption option. If this happens, yield may be affected and Bondholders will bear reinvestment risk

The 2025 Bonds may be redeemed prior to their final maturities if the Commission exercises its option to redeem such 2025 Bonds. Bondholders bear the risk that monies received upon such redemptions cannot be reinvested in comparable securities or at comparable yields.

Uncertainty as to available remedies

The remedies available to owners of the 2025 Bonds upon an Event of Default under the OFT Indenture 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 OFT Indenture 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 2025 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.

Cybersecurity Threats

The Commission, the Commonwealth and many of their respective vendors and contractors are dependent on information and computing technology to conduct general business operations, including toll transactions, toll collections, and customer account services.

While to date the Commission has not experienced a materially disruptive cybersecurity threat, computer hacking, cyber-attacks or other malicious activities directed at the Commission's information systems or those of its vendors or contractors, could disrupt Commission services or cause physical or financial harm to the Commission, in the future. Further, cybersecurity breaches such as leakage or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the Commission's reputation, which could lead to significant outlays and decreased performance that insurance may not cover.

The Commission has a robust cybersecurity framework that leverages multiple layers of protection including edge and internal firewalls, an intrusion prevention system, security incident and event management, multi-layered anti-virus, malware protection and spam filters. The Commission performs regular security patching and regular internal and external vulnerability scans. Periodic security assessment and penetration testing is performed regularly by qualified third parties. The Commission has implemented cybersecurity awareness training and simulated phishing attacks, and has published third-party security requirements that define general security requirements, requirements for vendors providing hosting cloud-based systems, and requirements for vendors providing on-premises systems or devices physically connected to the Commission's networks. All Commission employees are required to complete annual information technology security training and phishing simulation campaigns are performed regularly. Additionally, the Commission has cyber insurance which also provides immediate access to third party forensic investigation experts to assist the Commission with any data or system breaches.

Although the Commission devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality,

integrity and availability of information belonging to customers, there is no assurance that all these security measures will provide absolute security or prevent the risk of the Commission's finances or operations being negatively impacted by a cybersecurity threat directed at one of the Commission's vendors or contractors. These risks may increase in the future as the Commission continues to utilize All Electronic Tolling, mobile payments and other internet-based applications both internally and externally. A successful cybersecurity attack on the Commission, the Commonwealth or one of their respective vendors or contractors, could have a materially adverse effect on the financial condition and/or the operations of the Commission.

AUDITED FINANCIAL STATEMENTS

The financial statements of the Commission for the fiscal years ended May 31, 2024 and May 31, 2023 are set forth in "APPENDIX B - AUDITED 2024 AND 2023 FINANCIAL STATEMENTS" audited by SB & Company, LLC in its capacity as the Commission's Independent Auditor. SB & Company, LLC has not been engaged to perform and has not performed, since the date of its auditor's report, any procedures on the financial statements addressed in that report. Additionally, SB & Company, LLC has not performed any procedures related to this Official Statement or other debt-related offering documents.

The basic financial statements of the Commission for fiscal years ended May 31, 2025 and May 31, 2024 are expected to be released in October 2025 and made available through EMMA (defined below) as discussed under "CONTINUING DISCLOSURE" herein.

While the audited financial statements of the Commission pertain to the Commission as a whole, payment of the 2025 Bonds is secured solely by the Trust Estate, which includes only those revenues of the Commission which are derived from the Oil Franchise Tax. The Trust Estate securing the 2025 Bonds does not include any other revenues of the Commission which are reported in such audited financial statements (e.g. revenues of the Commission derived from Tolls, Registration Fee Revenues); such other revenues reported in such audited financial statements (which are not derived from the Commission Allocation of the Oil Franchise Tax) are not part of the Trust Estate securing the 2025 Bonds.

CONTINUING DISCLOSURE

The Commission will enter into a Continuing Disclosure Undertaking for the benefit of the Underwriters and the Registered Owners from time to time of the 2025 Bonds (the "**Disclosure Agreement**") pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "**SEC**") under the Securities Act of 1934, as amended (the "**Rule**"). The form of Disclosure Agreement is attached hereto as "APPENDIX E – FORM OF CONTINUING DISCLOSURE AGREEMENT." The Commission has engaged Digital Assurance Certification, L.L.C. (the "Dissemination Agent"), to serve as the initial Dissemination Agent with respect to the Continuing Disclosure Agreement.

Pursuant to the Disclosure Agreement, the Commission will provide or cause to be provided to the Municipal Securities Rulemaking Board (the "**MSRB**"), which is currently the sole nationally recognized municipal securities information repository ("**Repository**") under the Rule, via electronic transmissions pursuant to the MSRB's Electronic Municipal Market Access System ("**EMMA**"), accessible at <http://emma.msrb.org>, certain financial and operating information and notices, all as set forth in the Disclosure Agreement.

A default under the Disclosure Agreement shall not be deemed to be a default under the 2025 Bonds or the OFT Indenture, and the sole remedy to enforce the provisions of the Disclosure Agreement shall be the right of any Registered Owner, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform the provisions and covenants contained in the Disclosure Agreement.

During the five (5) year period preceding the date of this Official Statement, the Commission failed to timely meet certain of its disclosure obligations under its outstanding continuing disclosure undertakings, specifically: (i) notices of certain events and certain financial and operating information that were made available in a timely manner on EMMA, were either (a) not initially linked to all relevant CUSIP numbers or (b) not continuously linked to all relevant CUSIP numbers, (ii) with respect to the Commission's Outstanding Registration Fee Revenue Bonds the quarterly reporting of liquidity fund balances was not reported on a timely basis on two occasions, and (iii) on one occasion, the timely publication of a notice with respect to the issuance of certain Turnpike Senior Revenue Bonds in exchange for satisfaction of the Commission's obligations under a prior EB-5 loan in accordance with the terms of the prior loan agreement relating thereto. The Commission has worked with the Dissemination Agent to correct these issues and enhance compliance with the Commission's continuing disclosure obligations in the future.

RELATIONSHIPS OF CERTAIN PARTIES

Stradley Ronon Stevens & Young, LLP, Disclosure Counsel, from time to time has represented certain of the Underwriters (hereafter defined) in bond matters unrelated to the Commission.

UNDERWRITING

PNC Capital Markets LLC, on behalf of itself and the other Underwriters shown on the cover page hereof (the "**Underwriters**"), is expected to enter into a bond purchase agreement (the "**Purchase Agreement**") with the Commission pursuant to which the Underwriters will agree, subject to certain customary conditions precedent to closing, to purchase the 2025A Senior Bonds and the 2025B Subordinated Bonds from the Commission at an aggregate purchase price, with respect to the 2025A Senior Bonds equal to \$126,703,930.00 (representing the par amount of the 2025A Senior Bonds, plus original issue premium of \$4,620,247.30, and less an underwriters' discount of \$466,317.30), and with respect to the 2025B Subordinated Bonds equal to \$59,971,336.52 (representing the par amount of the 2025B Subordinated Bonds, less net original issue discount of \$748,539.80, and less an underwriters' discount of \$235,123.68). Pursuant to the Purchase Agreement, the Underwriters will be obligated to purchase all of the 2025 Bonds if any of such 2025 Bonds are purchased.

The 2025 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing such 2025 Bonds into investment trusts) at prices lower than such public offering prices (and such public offering prices may be changed, from time to time, by the Underwriters) only after a public offering of the 2025 Bonds at the initial offering price.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Commission and to persons and entities with relationships with the Commission, 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, officers, directors and employees may purchase, sell or hold a broad array of investments and actively traded securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Commission (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Commission. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Huntington Capital Markets is a trade name under which securities and investment banking products and services of Huntington Bancshares Incorporated and its subsidiaries, including Huntington Securities, Inc. ("**HSI**"), are marketed. Municipal sales, trading and underwriting services are provided through HSI, which is a broker-dealer registered with the Securities and Exchange Commission.

RATINGS

Moody's Investors Service, Inc. ("**Moody's**"), S&P Global Ratings ("**S&P**"), Fitch Ratings ("**Fitch**"), and Kroll Bond Rating Agency, Inc. ("**KBRA**") have assigned ratings of "Aa3" (stable outlook), "AA-" (stable outlook), "AA-" (stable outlook), and "AA-" (stable outlook), respectively for the 2025A Senior Bonds. Moody's, S&P, Fitch, and KBRA have assigned ratings of "A2" (stable outlook), "A" (stable outlook), "A" (negative outlook), and "A+" (stable outlook), respectively for the 2025B Subordinated Bonds.

An explanation of the significance of each of such ratings and outlook may be obtained from the rating agency furnishing the same at the following addresses: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007; S&P Global Ratings at 55 Water Street, New York, New York 10041; Fitch Ratings, 33 Whitehall Street, New York, New York 10004; and Kroll Bond Rating Agency, 845 Third Avenue, New York 10022. Certain materials and information not included in this Official Statement may have been furnished to such rating agencies. A rating is not a recommendation to buy, sell or hold securities. There is

no assurance that such ratings will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies, or any of them, if, in their or its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings, or any of them, may have an adverse effect on the market price of the 2025 Bonds.

Except as provided in the Disclosure Agreement, neither the Underwriters nor the Commission has undertaken any responsibility to bring to the attention of the holders of the 2025 Bonds any proposed or actual change in or withdrawal of any rating or to oppose any proposed change or withdrawal.

LITIGATION

General

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the 2025 Bonds, or in any way contesting or affecting the validity of the 2025 Bonds or any proceedings of the Commission taken with respect to the offer or sale thereof, or the pledge or application of any monies or security provided for the payment of the 2025 Bonds, the existence or powers of the Commission, or the authority for the Commission to undertake the 2025 Construction Project.

The Commission is covered by Act No. 152, approved September 28, 1978, which provides for a limited waiver of sovereign immunity by the Commonwealth. Damages for any loss are limited to \$250,000 for each plaintiff or \$1,000,000 in the aggregate. On March 11, 2024 the Pennsylvania Supreme Court granted appeal in *Freilich v. Se. Pennsylvania Transportation Auth.*, 302 A.3d 1261 (Pa. Commw. Ct. 2023), appeal granted, No. 245 EAL 2023, 2024 WL 1044586 (Pa. Mar. 11, 2024). In granting the appeal in *Freilich*, the Pennsylvania Supreme Court will consider whether Section 8528(b)'s statutory cap on damages of \$250,000 violates Article I, Sections 6 and 11 of the Pennsylvania Constitution. In the event that the Pennsylvania Supreme Court determines that such statutory cap is unconstitutional, the Commission could be subject to significant additional liabilities in personal injury and related litigation matters. The Commission currently self-insures against tort claims. The Commission is unable to presently predict the availability and cost of commercial insurance coverages, should the Commission choose to obtain third party insurance against such claims in the future. Accordingly, the Commission is currently unable to predict the impact on the Commission's finances should the *Freilich* matter result in an elimination of the statutory caps. The defendant, the Southeastern Pennsylvania Transportation Authority, filed its brief on the matter with the Pennsylvania Supreme Court on August 2, 2024. On that date the Commission also joined a brief filed with the Pennsylvania Supreme Court as *amici curiae*, asking the Court to rule that the statutory caps on damages are constitutional. During the current session of the Pennsylvania General Assembly (the "Legislature"), House Memorandum No. 1523 was proposed which, if enacted, would have, inter alia, increased the limitations on damages in cases involving permanent dismemberment or death.

The Commission is subject to claims for personal injury and/or property damage pending against the Commission pertaining to matters normally incidental to routine operations. Currently, none of such claims, individually or in the aggregate, are deemed to expose the Commission to a material risk of loss.

Certain Litigation

The Commission may be subject to additional litigation or other actions from time to time in the future which cannot be predicted at this time. See APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – THE COMMISSION – Recent Developments and Legislation – *Julie E. Thomas v. TransCore, LP & Pennsylvania Turnpike Commission.*"

LEGAL MATTERS

Certain legal matters with respect to the 2025 Bonds will be passed upon by Steptoe & Johnson PLLC, Pittsburgh, Pennsylvania and Endow Law, LLC, Philadelphia, Pennsylvania, as Co-Bond Counsel. A copy of the proposed form of opinion of Co-Bond Counsel which will be delivered on the dates of issuance and delivery of the 2025 Bonds is set forth in "APPENDIX D – FORM OF OPINION OF CO-BOND COUNSEL." Certain other legal matters will be passed upon for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Philadelphia, Pennsylvania, as Underwriters' Counsel and for the Commission by its Chief Counsel, Doreen A. McCall, Esquire, and Stradley Ronon Stevens & Young, LLP, Malvern, Pennsylvania, as Disclosure Counsel to the Commission.

The various legal opinions to be delivered concurrently with the delivery of the 2025 Bonds express the professional judgment of the attorneys rendering the opinion as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or the future performance of the parties to the transaction. In addition, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

CO-FINANCIAL ADVISORS

The Commission has retained Phoenix Capital Partners, LLP, Philadelphia, Pennsylvania, and Public Resources Advisory Group, Media, Pennsylvania, as Co-Financial Advisors with respect to the authorization and issuance of the 2025 Bonds. The Co-Financial Advisors are not obligated to undertake or assume responsibility for, nor have they undertaken or assumed responsibility for, an independent verification of the accuracy, completeness or fairness of the information contained in this Official Statement. Each of the Co-Financial Advisors is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal securities or other public securities.

TRUSTEE AND PAYING AGENT

The Commission has appointed U.S. Bank Trust Company, National Association, Philadelphia, Pennsylvania, as the successor Trustee and Manufacturers and Traders Trust Company, as Paying Agent under the OFT Indenture. The obligations and duties of the Trustee are as described in the OFT Indenture. The Trustee has not evaluated the risks, benefits or propriety of any investment in the 2025 Bonds, and makes no representation, and has reached no conclusions, regarding the validity of the 2025 Bonds, the security therefor, the adequacy of the provisions for payment thereof or the tax status of the interest on the 2025 Bonds. The Trustee has relied upon the opinion of Co-Bond Counsel for the validity of the 2025 Bonds and tax status

of the interest on the 2025 Bonds as well as other matters set out in that opinion. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Commission of any of the 2025 Bonds authenticated or delivered pursuant to the OFT Indenture or for the use or application of the proceeds of such 2025 Bonds by the Commission.

Under the terms of the OFT Indenture, the Trustee shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith in reliance upon an opinion of counsel and the Trustee is liable only for those damages caused by its gross negligence or willful misconduct. Under the OFT Indenture, the Trustee is not required to take notice, and is not deemed to have notice, of any default under the OFT Indenture, unless the Trustee has been specifically notified in writing of such default by the owners of at least 10% in aggregate principal amount of the Outstanding 2025 Bonds affected by such default. All notices or other instruments required by the OFT Indenture to be delivered to the Trustee must be delivered at the designated office of the Trustee. The summary of the Trustee's rights, duties, obligations and immunities is not intended to be a complete summary and reference must be made to the OFT Indenture for a complete statement of the Trustee's rights, duties, obligations and immunities.

TAX EXEMPTION AND OTHER TAX MATTERS

Federal Income Tax Treatment

In the opinion of Steptoe & Johnson PLLC, and Endow Law, LLC, Co-Bond Counsel, under existing law, interest on the 2025 Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), assuming continuing compliance by the Commission with the requirements of the Code. Failure to comply with such requirements could cause the interest on and accruals of original issue discount with respect to the 2025 Bonds to be included in gross income retroactively to the date of issuance of the 2025 Bonds. Interest on, and accruals of original discount with respect to, the 2025 Bonds will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the 2025 Bonds may be subject to the alternative minimum tax imposed under Section 55(b) of the Code on "applicable corporations" (within the meaning of Section 59(k) of the Code).

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 2025 Bonds. Co-Bond Counsel expresses no opinion regarding those consequences. Co-Bond Counsel are not providing any opinion regarding any federal tax matters other than as described under the caption "Federal Income Tax Treatment" above and expressly stated in the form of Co-Bond Counsel opinion included as APPENDIX D hereto.

Tax Treatment of Premium

The initial public offering prices of certain of the maturities of the 2025 Bonds ("**Premium Offered Bonds**") are more than the principal amounts payable on such Premium Offered Bonds at their respective maturities. Such excess, over the amount payable at maturity of a Premium Offered Bond is amortizable bond premium, which is not deductible from gross income for federal income tax purposes.

Amortizable bond premium will reduce the owner's tax basis of a Premium Offered Bond in each year by the amount of amortization for such year, which basis is used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of a Premium Offered Bond. Owners of Premium Offered Bonds (or book entry interests) (including purchasers of Premium Offered Bonds (or book entry interests) in the secondary market) should consult their own tax advisors with respect to the calculation of the amount of bond premium which will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of Premium Offered Bonds.

Original Issue Discount

The initial public offering prices of certain of the maturities of the Offered Bonds ("**Discount Offered Bonds**") is less than the principal amount payable on the Discount Offered Bonds at maturity. The difference between the initial public offering price at which a substantial amount of each maturity of the Discount Offered Bonds was first sold and the principal amount payable at maturity of each such Discount Offered Bond constitutes original issue discount. The appropriate portion of the original issue discount allocable to the original and each subsequent owner of the Discount Offered Bonds will be treated for federal income tax purposes as interest excluded from gross income of the holders thereof for federal income tax purposes to the same extent as stated interest on the Discount Offered Bonds. Under the Code, original issue discount on the Discount Offered Bonds accrues on the basis of economic accrual. The basis of an initial purchaser of a Discount Offered Bond acquired at the initial public offering price of the Discount Offered Bond will be increased by the amount of such accrued discount.

State Tax Exemption

In the opinion of Co-Bond Counsel, under the laws of the Commonwealth as presently enacted and construed, interest on the 2025 Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains, or income derived from the sale, exchange, or other disposition of the 2025 Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Co-Bond Counsel are not providing any opinion regarding any state tax matters other than as described under the caption "State Tax Exemption" above and expressly stated in the form of Co-Bond Counsel opinion included as APPENDIX D hereto.

Purchasers of the 2025 Bonds should consult their independent tax advisors with regard to all state and other tax matters.

Other

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.

Co-Bond Counsel's opinion on 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 set forth in the documents contained in the transcript of proceedings prepared in connection with the issuance of the 2025 Bonds, and that are intended to evidence and assure that the 2025 Bonds are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Co-Bond Counsel has not and will not independently verify the accuracy of the Commission's representations and certifications or the continuing compliance with the Commission's covenants. After the date of issuance of the 2025 Bonds, Co-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 may adversely affect the exclusion from gross income for federal income tax purposes of interest on the 2025 Bonds.

The opinion of Co-Bond Counsel is based on the laws and legal authority existing on the date of the issuance of the 2025 Bonds. The opinion represents Co-Bond counsel's legal judgment as to exclusion of interest on the 2025 Bonds from gross income for federal income tax purposes and is not a guarantee of that conclusion. The opinion is not binding on the Internal Revenue Service (the "*IRS*") or any court. No opinion is expressed by Co-Bond Counsel as to: (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 applicable regulations by the IRS.

Co-Bond Counsel's engagement with respect to the 2025 Bonds ends with the issuance of the 2025 Bonds, and, unless separately engaged, Co-Bond Counsel are not obligated to defend the Commission or the owners of the 2025 Bonds regarding the tax status of interest thereon in the event of an audit examination by the IRS.

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MISCELLANEOUS

The financial data and other information contained herein have been obtained from the Commission's records, audited financial statements and other sources which are believed to be reliable. No guarantee is given that any of the assumptions, forecasts or estimates contained herein will be realized.

The references herein to the Enabling Acts, Act 3, the 2025 Bonds, the OFT Indenture, and the Disclosure Agreement and other laws and documents are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and, accordingly, are qualified by reference to and are subject to the full texts thereof.

Neither this Official Statement nor any other disclosure in connection with the 2025 Bonds is to be construed as a contract with the holders of the 2025 Bonds. Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so identified, are intended merely as such and not as representations of fact. No representation is made that any of such statements will be realized.

PENNSYLVANIA TURNPIKE COMMISSION

By: /s/ Richard C. Dreher

Richard C. Dreher
Chief Financial Officer

APPENDIX A

THE PENNSYLVANIA TURNPIKE COMMISSION

TABLE OF CONTENTS

THE COMMISSION.....	1
General	1
Commission Members.....	1
Executive Personnel	3
Enabling Acts	4
Recent Developments and Legislation	6
Long Term and Strategic Planning.....	11
THE TURNPIKE SYSTEM.....	13
General	13
Interchanges and Service Plazas.....	15
Additional Services	15
Toll Collection.....	16
Work Zone Safety.....	21
TRAFFIC STUDY	21
CAPITAL IMPROVEMENTS.....	23
Ten Year Capital Plan	23
I-95 Interchange.....	26
Condition of the Turnpike System	28
FINANCIAL PLAN.....	30
General	30
Fiscal Year 2026 Financial Plan.....	30
CERTAIN FINANCIAL INFORMATION	31
Revenue Sources of the Commission.....	31
Toll Schedule and Rates	33
Five-Year Financial History	35
COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS.....	39
Commission Indebtedness	39
Outstanding Commission Indebtedness	40
Direct Purchase Obligations	44
Letter of Credit Agreements.....	46
Interest Rate Exchange Agreements.....	46
Other Obligations	47
Future Financing Considerations.....	50
CERTAIN OTHER INFORMATION	51
General Reserve Fund; Supplemental Capital Fund	51
Budget Process	53
Financial Policies and Guidelines	53
Personnel and Labor Relations.....	55
Retirement Plan	56
Other Post-Employment Benefit Liabilities	59
Insurance.....	61
Performance Audit by the Auditor General.....	62
Commission Compliance.....	63
Labor Relations Investigative Unit.....	63
Governance and Operational Factors	64

The information in this Appendix A is intended to provide general information regarding the Commission, the Turnpike System, and certain financial, regulatory and operational matters. The order and placement of information in this Appendix A are not an indication of relevance, materiality or relative importance, and this Appendix A should be read in its entirety together with the forepart of this Official Statement and all other Appendices.

Capitalized terms used in this Appendix A and not otherwise defined have the meanings ascribed in the forepart of this Official Statement.

References to website addresses, articles, or reports presented herein, including the Commission's website or any other website containing information about the Commission, are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose including for purposes of Rule 15c2-12 promulgated by the U.S. Securities and Exchange Commission.

THE COMMISSION

General

The Commission is an instrumentality of the Commonwealth of Pennsylvania (the "**Commonwealth**") existing pursuant to an Act of the General Assembly of Pennsylvania approved on July 18, 2007, P. L. 169, No. 44 ("**Act 44**") and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P.L. 774, Act 211; the Act of May 24, 1945, P.L. 972; the Act of February 26, 1947, P.L. 17; the Act of May 23, 1951, P.L. 335; the Act of August 14, 1951, P.L. 1232; the Act of September 30, 1985, P.L. 240, No. 61, to the extent not repealed by Act 44; the Act of August 5, 1991, P.L. 238, No. 26 ("**Act 26**") and the Act of November 25, 2013, P.L. 974, No. 89 ("**Act 89**") (collectively, the "**Enabling Acts**").

Pursuant to the Enabling Acts, the Commission has the power to construct, operate and maintain the Pennsylvania Turnpike System (as further described herein, the "**System**" or the "**Turnpike System**"). The Commission's composition, powers, duties, functions, duration and all other attributes are derived from the Enabling Acts. The Enabling Acts may be modified, suspended, extended or terminated at any time by further legislation.

Commission Members

The Commission is composed of five members, including one ex officio member, the Secretary (the "**Secretary**") of the Department of Transportation of the Commonwealth of Pennsylvania ("**PennDOT**"). Any vacancy in the membership of the Commission (other than the Secretary of Transportation) must be filled by appointment of the Governor, with the advice and consent of two-thirds of the members of the Pennsylvania Senate.

Act 89 enacted additional provisions pertaining to membership of the Commission. The term of confirmed members of the Commission (other than the Secretary of PennDOT) is a period of four years and members may serve a maximum of two terms. Upon the expiration of a term, a member may continue to hold the office of Commissioner for a period of 90 days or until their successor is

appointed and qualified, whichever is less. The limitations on Commissioner terms under Act 89, including provisions for the appointment of successor Commissioners, do not apply to members of the Commission who were appointed for the first time prior to Act 89's effective date in 2013.

The present members of the Commission and the expiration dates of their respective terms (which, in the cases of Commissioners Logan and Deon, would be extended until reappointment or until a successor is appointed and confirmed) are as follows:

Michael Carroll is the current Chair of the Commission, and serves as the Secretary of PennDOT and the ex-officio member of the Commission. A former legislator who worked on transportation throughout his time in public office, Mr. Carroll was first elected to the Pennsylvania House of Representatives in 2006 and subsequently re-elected for seven additional terms. Mr. Carroll also served as the Democratic chairman of the House Transportation Committee from 2018 through 2022. In addition to his work as a former State Representative, Mr. Carroll formerly worked as the chief of staff for then-state Rep. John Yudichak, served as legislative liaison for PennDOT under Gov. Robert Casey and served as district office director for Congressman Paul Kanjorski. Mr. Carroll earned a Bachelor of Arts in Liberal Studies from the University of Scranton.

Pasquale T. Deon, Sr., an established businessman, is the current Vice Chair of the Commission and has served as a Commissioner since 2002. He is also a service-industry entrepreneur and restaurateur involved in real-estate development, radio broadcasting, beverage distribution and construction. Mr. Deon was re-nominated to serve as a Commissioner by Governor Tom Wolf and his re-nomination to serve another four-year term as a Commissioner was confirmed by the Senate in May 2018 and again on October 26, 2022. His term as a Commissioner expires in October 2026.

Dr. Keith Leaphart is the current Secretary-Treasurer of the Commission, and was appointed to serve as a Commissioner in July 2023. Dr. Leaphart is a physician, entrepreneur, and philanthropist who applies his medical training to inform and expertly advance high functioning, interdisciplinary businesses. Dr. Leaphart serves as a staff relief physician for Bryn Mawr Rehab Hospital, and simultaneously owns and runs Replica Global, LLC, a print firm offering boutique creative services for a variety of industries. Dr. Leaphart is also the founder and chairman of Philanthropi, the first full-service philanthropy fintech firm designed to match charities with individual givers. Dr. Leaphart formerly served as a member, and later chair, of the Lenfest Foundation where Dr. Leaphart oversaw the distribution of over \$300 million to Philadelphia based nonprofit organizations over ten years. Dr. Leaphart's extensive board service also includes, and is not limited to, the Public Healthcare Management Corporation, The Philadelphia Inquirer - Independent Director, Comcast NBCUniversal Joint Diversity Advisory Council, University City Science Center, Greater Philadelphia Chamber of Commerce, Pennsylvania Osteopathic Medical Association, and Medical Society of Eastern Pennsylvania. In September 2023, Keith Leaphart, DO, MBA, was named Enterprise Executive Vice President (EVP) and Humana Chief Health Equity and Community Impact Officer for Thomas Jefferson University, Jefferson Health and Jefferson Health Plans. His term as a Commissioner expires in June 2027.

Sean F. Logan, a former State Senator, was appointed to the Commission in July 2022. Mr. Logan previously served on the Commission's governing body, having first been appointed to the Commission in July 2013. He was elected Chairman of the Commission in January 2015, and served in that role through 2017. Mr. Logan was appointed to a two-year term as a commissioner on the Pennsylvania Gaming Control Board in February 2017 and reappointed to additional two-year terms

in January 2019 and in January 2021. Prior to such roles, Mr. Logan was elected to the Pennsylvania State Senate representing the 45th District in Allegheny and Westmoreland counties for three terms, from 2001 until 2010. Mr. Logan serves as Chairman of the UPMC-East board of directors and a board member for UPMC McKeesport. Commissioner Logan holds a bachelor's degree in political science from the University of Pittsburgh. Mr. Logan is the Executive Director/CEO of the Convention and Visitors Bureau of Greater Monroeville. His term as a Commissioner expires in July 2026.

Douglas Farnham, Founder/CEO of Farnham & Pfile Engineering Inc., was appointed to the Commission in September 2024. Mr. Farnham also runs Farnham & Pfile Rental and Sales in Rostraver Township, Westmoreland County, which he started in 1986. Mr. Farnham, who was born in Lackawanna County and a resident of McMurray, Washington County, has also been a leader in advancing the energy industry. He is vice-chairman of the Pennsylvania Coal Alliance, an initiative to educate the public and policymakers about the coal industry in Pennsylvania. He also created Vision 4 Pa, which promotes a clean energy future from fossil fuels produced in Pennsylvania. His term as a Commissioner expires in October 2028.

Executive Personnel

Mark P. Compton assumed the position of Chief Executive Officer of the Commission on February 1, 2013. Mr. Compton previously served as Deputy Secretary of Administration of PennDOT, overseeing eight bureaus within the agency, including: human resources, information systems governance, business solutions and services, infrastructure and operations, and fiscal management. Before joining PennDOT, Mr. Compton served as Director of Government Affairs for all four companies of American Infrastructure, a heavy-duty civil construction company headquartered in Worcester, Pennsylvania. Prior to that, he worked in various public and private operations, focusing largely on transportation, construction and economic development.

Craig R. Shuey is the Chief Operating Officer of the Commission. He joined the Commission in August 2009 as Director of Government Affairs and was named Chief Operating Officer in January 2011. Mr. Shuey served as Acting Chief Executive Officer from October 2012 to February 2013. Prior to joining the Commission, Mr. Shuey was executive director of the Pennsylvania Senate Transportation Committee from 2001 to 2009. He also served as a representative on the Senate Transportation Commission and on various advisory committees in areas such as air, rail, freight movement and safety.

Richard C. Dreher was named the Chief Financial Officer in August 2020. Prior to that, he held the position of Assistant Chief Financial Officer for Financial Management with the Commission where he managed and coordinated the Commission's municipal debt activities and oversaw the Debt and Derivatives, Risk Management, Treasury and Investment departments. Before joining the Commission in 2013, Mr. Dreher served as the Director of the Bureau of Revenue, Capital and Debt in the Governor's Office of the Budget, Commonwealth of Pennsylvania from 2003 to 2013 where he managed the Commonwealth's general obligation debt and directed the Commonwealth's Capital Budget program. In addition, during his time at the Governor's Office of the Budget from 1997 through 2013, Mr. Dreher managed and expanded the largest economic redevelopment program in the Commonwealth totaling over \$4 billion and involving nearly 2,000 projects across the Commonwealth.

Bradley J. Heigel, P.E., was named Chief Engineer in April 2012. He was previously employed by the Commission from 1990 to 2010 and served as the Total Reconstruction Program Manager from 2000 to 2010. From 2010 to 2012, he was employed as a Vice President with Michael Baker, Jr., Inc., an engineering unit of Michael Baker Corporation.

Doreen A. McCall, Esq., has been the Chief Counsel since July 2005. Prior to that time, she served as Chief Counsel to the Pennsylvania Historical and Museum Commission from February 2003 to July 2005 and as Deputy General Counsel in the Governor's Office of General Counsel from April 2000 to January 2003. From September 1996 to April 2000, she was an Assistant General Counsel and from November 1993 to August 1996, she was a staff attorney in the Office of Inspector General.

Robert J. Taylor, P.E., PTOE, was named the Chief Technology and Growth Officer in February 2017. Focusing on harnessing the power of technology and innovation, he is dedicated to enhancing customer safety and mobility while modernizing business operations. Mr. Taylor administers technology programs encompassing technology and innovation management, customer and business systems, technology infrastructure, and security. He also oversees organizational growth initiatives including but not limited to new infrastructure opportunities, new tolling alternatives, back office as a service, opportunities in tolling, parking and transit, and software as a service. Mr. Taylor is the executive sponsor of the Turnpike's Innovation Council and 'Reimagining the Turnpike' initiative. He actively contributes to the PennSTART Operating Committee, the IBTTA Emerging Technology and Agency Technology Leaders committees, and the Smart Belt Coalition. A graduate of The Pennsylvania State University, he holds a Bachelor of Science in Civil Engineering.

Kelli E. Roberts was named Chief Strategy and Communications Officer in October 2023. Since joining the Commission in 2013, Ms. Roberts has held positions in the Communications, Engineering, and Policy and External Affairs Departments providing leadership on initiatives of strategic importance. Prior to joining the Commission, Ms. Roberts most notably served as Deputy Director of Communications in the Pennsylvania Governor's Office from 2011 through 2013 and Special Assistant to the Director of Public Affairs in the U.S. Department of Transportation in 2005.

Sheri L. Herbst was named Chief Administrative Officer in March 2025. Her oversight includes the Human Resources, Diversity and Inclusion, and Internal Audit Departments. Since joining the Commission in 2015, Ms. Herbst held the position of Director of Human Resources. Prior to joining the Commission, she served the Commonwealth of Pennsylvania in various roles since 2000, where she last held the position of Director of Human Resources for PennDOT from 2011 to 2015.

Enabling Acts

Act 44 and the Act 44 Funding Agreement

On July 18, 2007, Act 44 was enacted, creating a “public-public partnership” between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT as described below, the

Commission and PennDOT entered into a Lease and Funding Agreement (the “**Act 44 Funding Agreement**”), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate Route 80 (“**I-80**”) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (“**FHWA**”) of the conversion of such portion into a toll road (the “**Conversion**”). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (“**Act 44/Act 89 Payments**”). Previously, aggregate annual payments in the amount of \$450 million were due through 2057, payable in equal quarterly installments, with \$200 million of the scheduled annual payments supporting road and bridge projects and \$250 million supporting transit projects throughout the Commonwealth. However, commencing with Fiscal Year 2023, the Commission’s current annual Act 44/Act 89 Payment obligation was reduced to \$50 million. See “**Act 89 and the Act 89 Amendments**” below and “**COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations**” herein for more information on the total amount paid by the Commission under the Amended Funding Agreement (as hereinafter defined).

Act 89 and the Act 89 Amendments

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth’s aging transportation infrastructure, and (ii) substantial reductions in the Commission’s obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth’s transportation infrastructure were fully implemented in Fiscal Year 2018.

Revisions to the Commission’s Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the “**Act 89 Amendment**”) and together with the Act 44 Funding Agreement, the “**Original Amended Funding Agreement**”) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission’s aggregate annual Act 44/Act 89 Payment to PennDOT for Fiscal Year 2014 through Fiscal Year 2022 was \$450 million, with at least \$30 million of such annual amount required to be paid from current revenues, and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture (as hereinafter defined).

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the “**Amendment Two**”), and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the “**Amendment Three**,” and together with the Original Amended Funding Agreement and Amendment Two, the “**Amended Funding Agreement**”), both of which were executed by all parties to provide

current year adjustments for certain due dates for Act 44/Act 89 Payments in Fiscal Years 2019 through 2021. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations” below for more information on the total amount paid by the Commission under the Amended Funding Agreement.

Act 89 relieved the Commission from over \$15 billion in future Act 44/Act 89 Payments to PennDOT during Fiscal Years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission’s aggregate annual Act 44/Act 89 Payments to PennDOT to \$50 million, which amount must be paid from current revenues of the Commission. Further, Act 89 revised the permitted uses of the Commission’s annual Act 44/Act 89 Payments, which between 2014 and 2022 included the support of projects such as the Commonwealth’s road and bridge projects, mass transit capital and operating needs, other transportation programs of statewide significance, and certain multi-modal projects. Pursuant to Act 89, commencing with Fiscal Year 2023, the Commission’s \$50 million scheduled annual Act 44/Act 89 Payments must be used to support mass transit capital and operating needs. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations – Act 44/Act 89 Payments to PennDOT” below for more information on the total amount paid by the Commission under the Amended Funding Agreement.

Rules Relating to Governance and Accountability Under the Enabling Acts

The Enabling Acts set forth certain rules relating to governance and accountability of the Commission, including, but not limited to: requiring the Commission to file an annual financial plan with the Pennsylvania Secretary of the Budget no later than June 1 of each year (see “FINANCIAL PLAN” herein); having an audit of the Commission’s finances (including a review of its performance, procedures, operating budget, capital budget and debt) conducted by the Auditor General every two years (such audit to be paid for by the Commission) (see “CERTAIN OTHER INFORMATION – Performance Audit by the Auditor General” herein); adopting a comprehensive code of conduct for Commissioners and executive-level employees, which the Commission adopted on October 31, 2007 and revised January 7, 2014 and January 28, 2015; and upon request, at least one Commission member shall testify annually before the appropriations committee of the Pennsylvania House of Representatives and the Senate of Pennsylvania.

Recent Developments and Legislation

Senate Resolution 209

A resolution was adopted by the Senate of Pennsylvania on January 24, 2018 (the “**Senate Resolution 209**”) directing the Joint State Government Commission to conduct an analysis of a potential consolidation of interstate operations at PennDOT and the Commission. The Joint State Government Commission is the primary non-partisan research organization that serves the Pennsylvania General Assembly. Senate Resolution 209 tasked the Joint State Government Commission to, among other things, study all of the following:

1. Evaluate the cost savings, efficiencies and customer service improvements that may materialize as a result of consolidating the interstate operations, including personnel, equipment, facilities and highway administration.
2. Identify Federal and State laws that could impact the consolidation of interstate operations.

3. Review cases in other states where tolled bridges or roadways are effectively governed under a state department of transportation.
4. Evaluate and make recommendations on how to manage the Commission's debt as a result of the consolidation of interstate operations.
5. Evaluate and make recommendations on how to align contractual agreements, including labor agreements, bondholder agreements or other partnership agreements, as a result of the consolidation of interstate operations.
6. Propose legislation required to implement the consolidation of interstate operations.

On January 10, 2020, the Joint State Government Commission issued its report (the "**Report**") pursuant to Senate Resolution 209. The Report does not make any recommendations as to whether to consolidate the interstate operations of PennDOT or the Commission but rather identifies numerous issues that should be considered by the General Assembly. The Report also specifically responds to each of the items enumerated in Senate Resolution 209.

1. With respect to potential cost savings or efficiencies from a consolidation, the Report concludes that minor operational efficiencies could be realized. Specifically, the Report estimates that \$5.3 million in annual costs savings could be generated. When compared to the combined operating budgets of PennDOT and the Commission totaling \$10.3 billion annually, the projected savings would total roughly 0.05%.
2. The Report concludes that existing federal law does not preclude a possible consolidation of interstate operations of PennDOT and the Commission.
3. An examination of other states managing both tolled and free highways concluded that in most instances the states created a semi-independent instrumentality to operate the tolled highways within the state transportation agency. Financial protection of a state's transportation agency and the state was the primary reason to do this so that the public is not directly obligated to repay the bonds for the tolled roads.
4. The Report concludes that the Commission's outstanding debt of over \$14 billion "could serve as a potential barrier to its consolidation within the department." Further, the Joint State Government Commission concluded that "it is unclear as to how the Commonwealth can lawfully assume the commission's bond debt." Finally, as a result of the financial burden of the Commission's currently outstanding debt, the Report concludes that "the Commonwealth would be unlikely to expand its subsidy for transportation elsewhere in the Commonwealth based on turnpike revenue nor would it be likely to relieve the pressure to continue to generate turnpike revenue robust enough to service the outstanding debt."

5. Preexisting contractual obligations at both PennDOT and the Commission would also likely present many complications to a consolidation of interstate operations.
6. As required by Senate Resolution 209, the Report includes proposed legislation to implement a consolidation of the interstate operations at PennDOT and the Commission. The proposed legislation does not appear to address or resolve many of the operational or legal obstacles identified in the Report.

The Commission cannot predict if the Report may lead to the introduction or adoption of legislation that may affect the Commission and/or its operations. Furthermore, the Commission cannot predict, at this time what action, if any, may be taken by the Pennsylvania General Assembly as a result of the Report, or what effect, if any, a consolidation of the Commission and PennDOT would have on the Commission's debt or the security for such debt.

Black & Veatch Construction, Inc.

Black & Veatch Construction Inc. ("**BVCI**") has filed two separate claims with respect to contracts with the Commission.

On September 22, 2023, BVCI filed a claim with the Commission related to the Commission's Contract No. EN-00232-03-02 for the design build fiber optic network installation on the Turnpike Mainline between milepost 247.4 and milepost H-42.70 ("**BVCI Contract #1**"). BVCI submitted a bid for the work for the first of the five contracts and was the low bidder at approximately \$45 million. In September 2019, following the award, BVCI and the Commission entered into BVCI Contract #1 with respect to such work. Although the BVCI Contract #1 completion date was November 19, 2021, BVCI did not achieve substantial completion with respect thereto until June 2, 2023. The Commission assessed liquidated damages in excess of \$3 million due to BVCI's 489-day late delivery of the project under BVCI Contract #1. BVCI seeks approximately \$44 million in alleged breaches of contract and other alleged Commission caused impacts as reasons for BVCI's late delivery of the project under BVCI Contract #1. A Claims Review Meeting with respect to BVCI Contract #1 was held in April 2024. A final determination denying BVCI's claims with respect to BVCI Contract #1 was issued by the Commission's Contracting Officer's designee on August 5, 2024. On August 20, 2024, BVCI filed a complaint with the Board of Claims with respect to BVCI Contract #1 and on September 19, 2024 the Commission filed preliminary objections to various counts contained in BVCI's Complaint. BVCI responded to the Commission's preliminary objections on November 18, 2024. The parties are in the process of filing briefs regarding the preliminary objections. Once the briefing is closed, the Board of Claims will issue its decision.

On May 3, 2024, BVCI filed a claim with the Commission related to the Commission's Contract No. EN-00232-03-03 for the design build fiber optic network installation on the northeastern extension of the Pennsylvania turnpike between mileposts 333.30 and A130.60 ("**BVCI Contract #2**"). BVCI submitted a bid for the work for the second of the five contracts and was the low bidder at approximately \$50 million. On December 2, 2019, following the award, BVCI and the Commission entered into BVCI Contract #2 with respect to such work. Although the BVCI Contract #2 completion date was December 17, 2021, BVCI did not achieve substantial completion with respect thereto until November 6, 2023. The Commission assessed liquidated damages in excess of \$4.3 million due to

BVCI's 689-day late delivery of the project under BVCI Contract #2. BVCI seeks approximately \$44 million in alleged breaches of contract, alleged differing site conditions and other alleged Commission caused impacts as reasons for BVCI's late delivery of the project under BVCI Contract #2. A final determination was issued on September 3, 2024. On September 17, 2024, BVCI filed a complaint with the Board of Claims with respect to BVCI Contract #2. The Commission filed preliminary objections to various counts contained in the Complaint on November 18, 2024. BVCI responded to the Commission's preliminary objections on December 18, 2024. The parties are in the process of filing briefs regarding the preliminary objections. Once the briefing is closed, the Board of Claims will issue its decision. On July 3, 2025, the Board of Claims granted BVCI's motion to consolidate the two claims for purposes of discovery and hearing, although each claim will require the entry of separate judgments.

The Commission cannot predict the outcome of the Board of Claims. In the event of decision that is adverse to the Commission, it cannot estimate the amount or range of the potential loss with respect to either BVCI Contract #1 or BVCI Contract #2. However, the Commission will vigorously defend such claims and will assert all available defenses in both matters.

Certain Prior Litigation

On April 28, 2021, Julie Thomas (the "**Plaintiff**"), an E-ZPass customer and frequent traveler on the System, filed a putative class action lawsuit against the Commission, and TransCore, L.P. ("**TransCore**"), as the vendor that provides, operates, and maintains the Electronic Toll Collection Customer Service Center and Violations Processing Center. The Plaintiff asserted claims for conversion and unjust enrichment against the Commission, as well as additional claims against TransCore, with respect to certain toll collection practices. On August 29, 2024, the Court granted a motion by the Commission's to dismiss, holding that Plaintiff's claim for conversion was barred by sovereign immunity, and that Plaintiff's unjust enrichment claim failed because of the existence of a written agreement between Plaintiff and the Commission. The Court dismissed these claims with prejudice. The Court also dismissed, without prejudice, Plaintiff's declaratory judgment cause of action against the Commission, with leave to replead in 30 days; such claim is for declaratory relief only, and would not result in the assessment of any damages against the Commission. On December 2, 2024, Plaintiff filed an amended complaint naming only TransCore as a defendant.

Litigation Relating to Sovereign Immunity in Pennsylvania

The Commission is covered by Act No. 152, approved September 28, 1978, 42 Pa.C.S. § 8528, which provides for a limited waiver of sovereign immunity by the Commonwealth. Damages for any loss are limited to \$250,000 for each plaintiff or \$1,000,000 in the aggregate. On March 11, 2024 the Pennsylvania Supreme Court granted appeal in *Freilich v. Se. Pennsylvania Transportation Auth.*, 302 A.3d 1261 (Pa. Commw. Ct. 2023), appeal granted, No. 245 EAL 2023, 2024 WL 1044586 (Pa. Mar. 11, 2024). In granting the appeal in *Freilich*, the Pennsylvania Supreme Court will consider whether Section 8528(b)'s statutory cap on damages of \$250,000 violates Article I, Sections 6 and 11 of the Pennsylvania Constitution. In the event that the Pennsylvania Supreme Court determines that such statutory cap is unconstitutional, the Commission could be subject to significant additional liabilities in personal injury and related litigation matters. The Commission currently self-insures against tort claims. The Commission is unable to presently predict the availability and cost of commercial insurance coverages, should the Commission choose to obtain third party insurance against such claims in the future. Accordingly, the Commission is currently unable to predict the

impact on the Commission's finances should the *Freilich* matter result in an elimination of the statutory caps. SEPTA filed its brief on the matter with the Pennsylvania Supreme Court on August 2, 2024. On that date the Commission also joined a brief filed with the Pennsylvania Supreme Court as *amici curiae*, asking the Court to rule that the statutory caps on damages are constitutional. The Court heard oral arguments on the *Freilich* matter on March 4, 2025 and their decision is pending. During the current session of the Pennsylvania General Assembly, Senate Bill 383 was proposed which, if enacted, would have, *inter alia*, increased the limitations on damages in cases involving permanent dismemberment or death. See "Recent Developments and Legislation – *Legislative Proposals*" below.

Additional Matters

The Commission continues to be actively engaged with other Commonwealth administrative agencies in initiatives to streamline project delivery and increase operational efficiencies. Among such undertakings are a number of collaborative programs with PennDOT in various administrative and technical areas, including integration of communication and information systems, standardization of manuals and publications, and coordination of training, operations, project planning and construction phasing.

Legislative Proposals

From time to time, legislation is introduced in the Pennsylvania General Assembly (with respect to the Enabling Acts and otherwise) and in the United States Congress, the nature and content of which may affect the Commission. The Commission cannot predict whether any such legislation will be enacted into law, or how any such legislation may affect the Commission's ability to pay the Turnpike Senior Revenue Indenture Obligations (as hereinafter defined), the Subordinate Revenue Indenture Obligations (as hereinafter defined), the Oil Franchise Tax Revenue Bonds (as hereinafter defined) or the Registration Fee Revenue Bonds (as hereinafter defined), or to perform its operations and financial obligations pursuant to the Enabling Acts.

The Pennsylvania House of Representatives and the Pennsylvania Senate convene for a two-year session on the first Tuesday after New Year's Day in odd numbered years and adjourn (*Sine Die*) on November 30 of the next even numbered year. The 2025-2026 legislative session began on January 7, 2025, and is scheduled to adjourn on November 30, 2026.

In the past, legislation has been introduced, but not enacted, to, among other things, further reduce the payments due by the Commission under Act 44, waive tolls for emergency vehicles in certain situations, grant disabled veterans a discount, create a partnership with the United States Treasury to collect delinquent taxes and debt (including tolls), obligate the Commission to construct, operate and maintain portions of the Southern Beltway, reinstate laid off toll and fare collection employees, increase the limitations on damages in certain circumstances under the limited waiver of sovereign immunity applicable to the Commission, and impose various regulations affecting the operations of the Commission. The Commission cannot predict whether similar legislation or other legislation may be considered by the General Assembly or if any proposals or initiatives may lead to the adoption of legislation that may affect the Commission and/or its operations.

Legislation either in discussion or introduced in the Pennsylvania General Assembly during the 2025-26 legislative session, that if enacted could materially affect the Commission, includes the following:

House Bill 255, which if enacted would create a five-year “Green Vehicle Pilot Program” that would offer tiered levels of credits (between \$100 and \$200) for tolls charged on the Turnpike System, was introduced and referred to Transportation Committee on January 17, 2025.

House Bill 257, which if enacted would require PennDOT to include information relating to safe driving practices in work zones along with penalties, was re-referred to the Committee on Appropriations in the Senate on June 11, 2025 and re-reported as Committed in the House on June 24, 2025.

House Bill 1734, which if enacted would increase the time rental car companies have to appeal EZ Pass toll violations from 30 to 60 days, was introduced in the House on July 17, 2025.

Senate Bill 379, which if enacted would create the “Turnpike-to-Port Freight Reimbursement Fund” at the Pennsylvania Treasury for the purpose of providing Commonwealth-funded reimbursement for certain Pennsylvania-based companies for their tolls when transporting goods to the Port of Philadelphia for shipping, was referred to Senate Transportation Committee on March 6, 2025. This is a reintroduction Senate Bill 41 of the 2023-2024 session.

Senate Bill 383, which if enacted would increase the cap on statutory damages for causes of action involving dismemberment or death against both a Commonwealth party and a local party, was referred to Senate Judiciary Committee on February 28, 2025.

Senate Bill 572, which provides for the intercept of Pennsylvania lottery winnings in excess of \$2,500 for a single prize and state income tax refunds due to persons with unpaid tolls, for the amount of tolls due to the Commission plus any penalties or associated fees, was referred to Senate Transportation Committee on April 9, 2025. This is a reintroduction of Senate Bill 473 of the 2023-2024 session.

House Co-Sponsorship Memoranda 033, which if enacted would streamline the Commission’s and PennDOT’s construction contracts by using the design build best value process, was circulated on December 2, 2024.

A House Co-Sponsorship memoranda, which if enacted would grant disabled veterans a 50% discount for use of the Pennsylvania Turnpike, was filed on April 7, 2025.

A Senate Co-Sponsorship Memoranda 1212, which if enacted would phase in a two-plate license plate system with license plates on the front and rear of vehicles registered in the Commonwealth, was circulated on July 10, 2025. Front license plates are helpful to ensure accurate and equitable toll collections.

Long Term and Strategic Planning

2040 Capital & Asset Analysis. In 2021, the Commission developed its Capital & Asset Analysis 2040 (the “**2040 Capital & Asset Analysis**”), which serves as an update to the 2016 Long Range Plan. The 2040 Capital & Asset Analysis provides evaluations for the asset condition of the Highway, Facilities, Fleet Equipment and Technology Programs to help the Commission make the most informed decisions on where it wants to take its assets in the long-term. Among other items, the 2040 Capital & Asset Analysis, includes recommendations for increasing the number of miles of total

reconstruction per year. In December 2023, the 2040 Capital & Asset Analysis was updated because of the sharp rise in the costs of construction and vehicle/equipment procurement. This rise is tied to the abnormally high inflation, labor shortages and material delivery issues. A copy of the 2040 Capital & Asset Analysis and the subsequent update are available by request.

2025 Strategic Plan. Adopted on January 21, 2025, the Commission’s 2025-2029 Strategic Plan (the “**Strategic Plan**”) established the Commission’s current vision, mission, and values. The vision is: “To be a leader in mobility services at the forefront of innovation in transportation, safety and customer experience.” The Commission’s organizational goals are: (1) Connection – enhance the customer experience and strengthen our partnerships; (2) Culture – invest in and empower our people; (3) Growth – become best in class through innovation and modernization; (4) Safety – advance safety in all aspects of our business and operations; and (5) Stewardship – responsibly manage our finances, assets, social, and environmental obligations. The Strategic Plan is available online at https://files.paturnpike.com/production/docs/default-source/resources/financials-and-planning/strategic_plan.pdf?sfvrsn=9d2ec1ab_19:.¹

2022 Sustainability Report. The Commission’s 2022 Sustainability Report focuses on the applicable elements of the United Nations Seventeen Sustainable Development Goals and reflects the benefit of the Commission’s internal sustainable strategies as well as its continued work with the Commonwealth’s GreenGov Council. The 2022 Sustainability Report is available online at: https://files.paturnpike.com/production/docs/default-source/resources/responsibility-matters/2022-ptc-sustainability-report.pdf?sfvrsn=98eb7727_3:²

Extreme Weather and Climate Resiliency Report. In July 2022 the Commission released the Extreme Weather and Climate Resiliency Report, which reflected a comprehensive assessment of the Commission’s internal planning, operations, best management practices related to extreme weather events such as flooding, blizzards, hurricanes, and heatwaves, and opportunities to further improve preparedness and responsiveness to create a more resilient System. The Extreme Weather and Climate Resiliency Report may be found on the Commission’s website at: https://files.paturnpike.com/production/docs/default-source/resources/responsibility-matters/ptc-extreme-weather-and-climate-resiliency-report_2022-07.pdf?sfvrsn=d96da44a_1:³

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¹ The information contained on such website link is not incorporated by reference in this Appendix A.

² The information contained on such website link is not incorporated by reference in this Appendix A.

³ The information contained on such website link is not incorporated by reference in this Appendix A.

THE TURNPIKE SYSTEM

General

The present Turnpike System is composed of:

- the 359-mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west;
- the 110-mile north/south section identified as the Northeast Extension;
- the approximately 16-mile north/south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth;
- the approximately 13-mile Amos K. Hutchinson Bypass which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the completed portion of the Mon/Fayette Expressway totaling approximately 48 miles;
- a six-mile section of the Southern Beltway from PA 60 to U.S. 22; and
- a 13-mile section of the Southern Beltway between U.S. 22 and Interstate Route 79 (“**I-79**”), which opened on October 15, 2021.

For a more complete description of the Mon/Fayette Expressway and Southern Beltway projects, see “CAPITAL IMPROVEMENTS – Mon/Fayette Expressway and Southern Beltway” herein.

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A map of the Turnpike System is provided below.



Note: I-80 is not a part of the Turnpike System.

The Turnpike Mainline connects with the Ohio Turnpike at its western terminus and with the New Jersey Turnpike at its eastern terminus. The Turnpike Mainline commences on the eastern boundary of Pennsylvania at the Delaware River Bridge which connects the System to the New Jersey Turnpike. The Turnpike Mainline traverses the state in a westerly direction generally paralleling the southern border of the state immediately north of Philadelphia and south of Harrisburg to the vicinity of Somerset. West of Somerset, the highway follows a northwesterly direction to the northeast of Pittsburgh and to the Ohio state line, south of Youngstown, Ohio.

The System was constructed prior to the development of the National Interstate Highway System and no Federal Highway Trust Fund monies have been utilized in the construction of the Turnpike Mainline, Northeast Extension, Beaver Valley Expressway or Amos K. Hutchinson Bypass section of the Turnpike System. However, portions of the System have been designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 between the area where Interstate Route 95 (“*I-95*”) crosses the System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting the Turnpike Mainline with I-95, the portion of the Turnpike Mainline east of the new interchange has been designated as I-95. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as part of Interstate Route 76. In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as part of Interstate Route 70 (“*I-*

70”). The Northeast Extension has been designated as part of Interstate Route 476. Portions of the Beaver Valley Expressway are designated as part of Interstate Route 376 (“*I-376*”).

The System was constructed and opened to traffic in sections. The original Turnpike Mainline segment between Irwin and Carlisle was opened in 1940. Ten years later, in 1950, the 100-mile section between Carlisle and King of Prussia was completed and opened. After 1950, construction of new segments of the System occurred at more frequent intervals with the Turnpike Mainline segment placed in service as of May 1956. The initial segment of the Northeast Extension between the Turnpike Mainline and the temporary interchange just south of the Lehigh Tunnel was opened in 1955. The final segment, from the temporary interchange to Scranton, was completed and opened for traffic in November 1957.

The Delaware River Bridge, which connects the Turnpike Mainline with the New Jersey Turnpike System, is owned jointly by the Commission and the New Jersey Turnpike Authority (“*NJTA*”).

Interchanges and Service Plazas

The System has a total of 73 interchanges which connect it with major arteries and population centers along its 565-mile traffic corridor. 36 of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 11 interchanges are situated on the Northeast Extension. The additional 26 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

There are 17 service plazas along the System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. Beginning in 2005, the Commission entered into long term service plaza redevelopment agreements with Applegreen (“*Applegreen*”), in its capacity as successor to HMSHost Restaurants, LLC, and 7-Eleven, Inc. (“*7-Eleven*”), in its capacity as successor to Sunoco, Inc.⁴, to design, reconstruct, finance, operate and maintain all 17 of the service plazas. The Commission has no responsibility for maintaining the service plazas under the agreements. Cumulatively, Applegreen and 7-Eleven have invested approximately \$190 million in service renovation projects, at no cost to the Commission. The Commission recognized capital contribution revenues of \$4.8 million, related to these agreements for both Fiscal Years ended May 31, 2024, and 2023, respectively, which is based on the capital assets provided by Applegreen and 7-Eleven. Preliminary/unaudited capital contribution revenues recognized in FY25 related to the service plazas is \$4.8 million.

Additional Services

The Commission has a 24/7 Traffic Operations Center which monitors conditions on the System and provides emergency dispatch.

The Commission participates in PennDOT’s 511PA travel program, which offers motorists one source to obtain travel information for both the System and PennDOT roadways throughout the

⁴ Pursuant to an Assignment and Assumption of Real Property Lease Agreement executed on January 23, 2018, Sunoco assigned its interest in the lease agreement by and between the Commission and Sunoco, as amended and supplemented, to 7-Eleven, Inc.

Commonwealth. It offers a suite of traveler resources such as the 511PA mobile app, a personal alerts subscription service, a website with a travel conditions map and access to travel information by dialing 511 from any phone. The 511PA travel program offers roadway conditions, slowdown information, live traffic camera images, highway construction updates, weather conditions and alerts, as well as other travel resources. However, the Commission’s Customer Assistance Center is available for System-specific phone inquiries during weekday business hours.

The Commission currently has an agreement with Blink Charging, Co., to provide electric vehicle charging stations at the following service plazas: New Stanton, Oakmont, King of Prussia, Bowmansville and Peter J. Camiel. Additionally, through Applegreen’s partnership with Tesla, 48 Tesla superchargers were installed at six service plazas: North Somerset, South Somerset, Peter J. Camiel, Bowmansville, North Hickory Run and South Hickory Run. The Commission is actively engaged in efforts to provide additional EV charging opportunities across the entire System. The Commission has selected Applegreen Electric, a subsidiary of Applegreen, as its EV charging vendor to deploy and operate additional EV chargers at the service plazas along the System. An agreement between the Commission and Applegreen Electric was fully executed on August 14, 2024 and Applegreen Electric is expected to commence the development and deployment of additional EV charges over the next two years. The Commission is also working in cooperation with FHWA and PennDOT on the Commonwealth’s National Electric Vehicle Infrastructure program. See “CERTAIN OTHER INFORMATION – Governance and Operational Factors – *Electric and Alternative Fuel Vehicles*” herein for more information.

The Commission’s fiber optic cable network project is intended to provide the information backbone from which tolling information, real-time traffic and crash data for intelligent transportation system devices, connected vehicles, financial information, and other communications can be transmitted. The fiber optic cable project provides efficiencies in the operation of the new open road tolling (“**ORT**”). See “– Toll Collection” below.

In the summer of 2019, the Commission bid two design-build projects for the fiber optic network on the Mainline from the Harrisburg East interchange to the Delaware River Bridge (“**Contract 1**”), and for the entire length of the Northeast Extension (“**Contract 2**”) to augment the existing digital microwave network utilized throughout the System. Construction has been completed for Contract 1 and Contract 2 and this portion of the fiber network was placed into service in early 2025. Additionally, the Commission released a request for proposals for the operation, maintenance and commercialization of the fiber optic network in December 2019, and the notice to proceed was issued in February 2021. The Commission has provided notices to proceed on the design-build projects for the remaining segments (the “**Western Network**”) of the fiberoptic network from (i) the Harrisburg East Interchange and the Gettysburg Pike Interchange (“**Contract 2.5**”), (ii) the Gettysburg Pike Interchange to the New Stanton Interchange (“**Contract 3**”), and (iii) from the New Stanton Interchange to the Ohio state line (“**Contract 4**”). Contract 2.5 has been accepted and is operational. Design and construction/installation work continues on Contracts 3 and 4. The estimated completion of the entire Western Network is in 2026.

Toll Collection

The following information describes the infrastructure of the Commission’s all-electronic tolling (“**AET**”) and ORT toll collection systems. See “CERTAIN FINANCIAL INFORMATION –

Toll Schedule and Rates” herein for information regarding the Commission’s toll rates. The operation of an AET toll collection system inherently involves many risks including, but not limited to, threats to the integrity and security of the Commission’s information and technology. See “INVESTMENT “CONSIDERATIONS – Cybersecurity Threats” in the forepart of this Official Statement and see “CERTAIN OTHER INFORMATION – Cybersecurity” herein.

All Electronic Tolling

Early in 2011, the Commission initiated a feasibility study to examine the benefits and potential issues associated with converting the toll road to an all-electronic, cashless system. The team of McCormick Taylor/CDM Smith was selected and completed the feasibility report (the “**Feasibility Report**”) in March 2012. At that time, the Commission determined, based on the assumptions in the Feasibility Report, that conversion to an all-electronic, cashless system was technically feasible from both a financial and physical perspective. In July 2012, the Commission selected HNTB Corporation to act as its Program Manager to lead and direct the multi-disciplinary efforts required to manage and coordinate the design and implementation of an all-electronic, cashless system. The resulting Conceptual Implementation Plan report, including a schedule for conversion, was issued in October 2014, and contemplated full conversion to a non-stop AET system by 2018. However, following the enactment of Act 89, the Commission re-evaluated the schedule and determined that a modified schedule for implementation would be necessary. The Commission’s re-evaluation of the transition to a cashless, non-stop system resulted in a planned approach whereby the existing toll lanes were initially equipped with the technology for Toll By Plate (“**Toll By Plate**” or “**TBP**”) tolling to allow for cashless tolling to occur (for vehicles not utilizing an E-ZPass transponder) at the existing plaza locations, with the ultimate conversion of the remaining System utilizing an ORT system originally scheduled for October 2021. The Commission also authorized the deployment of an initial six segments of the System consisting of the Delaware River Bridge, which went into operation in January 2016; the Beaver Valley Expressway, which went into operation in April 2017; Keyser Avenue/Clarks Summit, which went into operation in April 2018; the Findley Connector, which went into operation in June 2018; and the Amos K. Hutchinson Bypass and Gateway segments, which went into operation in October 2019.

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission moved to AET collection, removed toll collectors from toll booths and transitioned to only utilizing TBP and E-ZPass toll collection across the System. Initially intended to be a temporary response to the impact of the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET collection operations.

TBP is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll plaza or gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. With the partial conversion of the System to Open Road Tolling and the conversion of the entire System to an axle/height vehicle classification in January 2025, the Commission implemented a revised toll structure that results in TBP rates that are effectively double those for E-ZPass in order to provide continued coverage for the additional costs to operate the TBP system versus E-ZPass and to account for partial non-payment of tolls (“**Revenue Leakage**”) associated with TBP. Previously, the additional TBP toll was 45% of the toll that would otherwise be due.

The Commission continues to actively work to address Revenue Leakage due to AET through various initiatives that address customer behaviors and system improvement. In response to unpaid invoices, the Commission attempts to collect outstanding amounts via various options where practical and permitted by law. These include but are not limited to: (i) collection agency actions; (ii) vehicle registration suspensions; and (iii) court actions. See “ – *Toll Violation Enforcement*” below. The Commission provides a 15% discount for TBP customers that pre-register their address and/or credit card for invoicing and has established a cash payment channel for unbanked customers through a partnership with Kubra. The Commission is also pursuing reciprocity agreements with other states to enhance cross state collections and is pursuing legislative changes to strengthen enforcement measures for toll violators.

Open Road Tolling

On January 5, 2025, the Commission transitioned its toll collection to ORT on trips east of Reading and on the entire Northeast Extension. ORT is a safer, more convenient way of travel for customers. It is a cashless, free-flowing mode of collecting tolls that operates without traditional toll booths. In an ORT system, tolls are charged electronically as customers drive at highway speeds passing beneath overhead structures, called gantries. The gantries are located between interchanges and contain the cameras and electronic readers required for toll collection. Gantry construction west of Reading is currently underway ahead of the scheduled January 2027 central and western launch on the Mainline System. Until ORT fully launches statewide on the Mainline System, tolls west of Reading where gantries are not yet operational will continue to be charged to a customer as an interchange-to-interchange trip like they were prior to ORT.

Although implementation of the ORT system has significantly altered the way in which relevant tolls are charged, there is expected to be no net revenue impact to the Turnpike System. Under the segment-based system there is a toll gantry between each interchange, and drivers will be charged a given rate at each gantry they pass through rather than one rate based on entry and exit points. As a result, the number of transactions on the ticket system will increase significantly although gross revenue is intended to remain unchanged on a system-wide basis. The segment-based system represents a simpler toll rate structure with each segment having a set price and no need for a complex matrix of entry-exit combinations. Additionally, the overhead toll gantries on portions of the Mainline System where ORT is active eliminate the need for related toll plazas at interchanges, which will be removed and allow for free-flowing traffic like a traditional Interstate highway.

E-ZPass

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the System. The benefits of E-ZPass include enhanced safety and convenience for users of the System, improved traffic flow and reduced congestion at the System’s busiest interchanges.

E-ZPass is available on the entire System. In addition, Express E-ZPass lanes have been constructed at seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. As of the date of this Official Statement, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states.

The Commission has a contract, extending through 2027, with TransCore Company for the design, installation and maintenance of the E-ZPass system software and hardware and the operation of the E-ZPass Customer Service and Violations Processing Centers.

The Commission also offers E-ZPass customers the ability to participate in E-ZPass Plus, which allows customers to use their transponder to pay for parking at participating facilities.

The following table shows that during Fiscal Year 2024 approximately 77.06% of all transactions were E-ZPass (transponder-based) and the remaining 22.94% of transactions were TBP transactions which are invoiced to the registered owner of the vehicle.

E-ZPass Transactions vs. Non-E-ZPass Transactions

<u>Fiscal Year</u>	<u>E-ZPass*</u>	<u>Non-E-ZPass**</u>
2021	77.28%	22.72%
2022	77.21%	22.79%
2023	77.40%	22.60%
2024	77.06%	22.94%
2025***	75.04%	24.96%

*E-ZPass column includes transponder-based E-ZPass and VES (as defined herein) transactions.

**Non-E-ZPass column includes TBP and Non-ETC (as defined herein) transactions.

***FY25 transactions prior to 1/5/25 were recalculated to ORT equivalent transactions. See Notes to TABLE II for additional information regarding equivalent transactions.

The E-ZPass transactions in the foregoing table only represent toll transactions processed through transponder-based systems. When customers’ license plates are registered to an E-ZPass (or other transponder-based) account but a transponder-based transaction is not recorded, the customers are still processed by license plate records at E-ZPass rates and, following such processing, the overall E-ZPass account transactions in Fiscal Year 2025 represented 86.3% of all transactions.

ETC Penetration Rates

Prior to the Commission’s transition to AET, the Commission’s annual revenues from electronic toll collection, which includes revenues from E-ZPass and TBP transactions (collectively, “*ETC*”) were approximately \$1.1 billion for Fiscal Years 2020 and 2019. The Commission’s annual revenues from ticketed drivers (i.e., Non-ETC Transactions) decreased to \$170.2 million in Fiscal Year 2020 from \$233.9 million in Fiscal Year 2019. Fiscal Year 2021 was the first Fiscal Year for which the Commission almost exclusively utilized electronic tolling across the whole System. All locations, except the Mon/Fayette Expressway, which was converted to AET in mid-June 2020, utilized electronic tolling exclusively for the full fiscal year.

The following table shows the Commission’s ETC penetration rates among passenger and commercial users for Fiscal Years 2021 through 2025. This table reflects a trend of both the passenger and commercial customers increasingly adopting electronic tolling prior to the transition to AET in March 2020.

ETC as a Percentage of Total Volumes

<u>Fiscal Year</u>	<u>ETC</u>		<u>E-ZPass</u>		<u>Non-ETC</u>		<u>Totals</u>		<u>Grand Total</u>
	<u>Toll By Plate*</u>								
	<u>Passenger</u>	<u>Commercial</u>	<u>Passenger</u>	<u>Commercial</u>	<u>Passenger</u>	<u>Commercial</u>	<u>Passenger</u>	<u>Commercial</u>	
2021	20.04	2.64	61.12	16.16	0.04**	0.00	81.20	18.80	100.00
2022	20.06	2.74	62.46	14.74	0.00	0.00	82.52	17.48	100.00
2023	19.80	2.80	62.80	14.60	0.00	0.00	82.60	17.40	100.00
2024	20.08	2.86	62.76	14.30	0.00	0.00	82.84	17.16	100.00
2025***	21.33	3.63	60.60	14.44	0.00	0.00	81.93	18.07	100.00

*Includes V-Tolls which are assessed when, for any reason, the customer’s E-ZPass transponder is not read on both the customer’s entry and exit from the System, resulting in a toll assessment based upon a video snapshot of the customer’s license plate.

**Related to Mon/Fayette Expressway which converted to AET collection operations in June 2020. All other locations were converted to AET prior to June 1, 2020.

***FY25 transactions prior to 1/5/25 were recalculated to ORT equivalent transactions. See Notes to TABLE II for additional information regarding equivalent transactions.

Toll Violation Enforcement

To help ensure the collection of toll revenue due to the Commission, a Violation Enforcement System (“*VES*”) has been installed at all E-ZPass interchanges to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Act 89 and other statutory provisions governing VES and procedures for enforcement and collection provide for enhanced fare evasion measures and criminal penalties pertaining to E-ZPass violators. Under Act 89, motorists who commit or attempt to commit fare evasion on the System shall have committed a summary offense and upon conviction, shall be fined a sum between \$100 and \$1,000 in addition to civil penalties that are already in place. Further, upon conviction, motorists who take affirmative action to evade a System fare can be found to have committed a misdemeanor of the third degree, punishable by fines ranging from \$3,000 to \$6,500 (depending on the number of offenses), and imprisonment of not more than six months for a second offense.

Revenue generated from the additional fare evasion fines imposed by Act 89 is to be deposited in the Commonwealth’s Motor License Fund (as hereinafter defined) rather than with the Commission; however, restitution for the full fare is paid to the Commission. Act 165 was signed into law in 2016 and subsequently amended, in relevant part, by Act 112 of 2022, which, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay four (4) or more violations or incurring unpaid tolls or administrative fees of \$250. Act 112 also extended the statute of limitations for enforcing unpaid toll violations from three (3) years to five (5) years.

Additionally, Act 165 assists the Commission with the collection of unpaid out-of-state tolls by authorizing PennDOT to enter into a reciprocity agreement for purposes of toll collection and enforcement penalties with another state or tolling entity. Effective September 11, 2018, PennDOT

and the State of Delaware Department of Transportation, Division of Motor Vehicles (“*DelDOT*”) entered into the first reciprocity agreement under Act 165, generally providing that PennDOT and DelDOT will suspend or hold the registration of vehicles upon unpaid tolls, consistent with the laws and regulations of the other state, upon the request of such state.

In January 2018, the Commission began sending notices of possible vehicle registration suspensions under authority from Act 165 and in February 2018, PennDOT began suspending certain vehicle registrations. In April 2018, the Commission began filing criminal charges against some of the largest toll violators for theft of services.

The Commission’s Toll Revenue Enforcement (“*TRE*”) unit conducts all internal and external investigations including working with the local District Attorneys’ Offices in pursuing criminal prosecutions of the Commission’s most egregious toll violators. Additionally, the Commission has initiated a pilot program with several local magisterial districts to bring civil cases for unpaid tolls. TRE’s efforts are part of the Commission’s coordinated toll collection and enforcement and fraud detection efforts.

In January 2023, the United States Attorney’s Office for the Middle District of Pennsylvania announced the indictment of two individuals accused of perpetuating criminal activity involving the acquisition and sale of fraudulent E-ZPass transponders. The investigation and resulting indictments reflect the Commission’s continued efforts to identify and mitigate toll revenue enforcement risks.

Work Zone Safety

Signed into law on October 19, 2018, Act 86 of 2018 (formerly Senate Bill 172) (“*Act 86*”) authorized the Commission and PennDOT to conduct speed-enforcement operations inside active work zones (“*Enforcement Zones*”) using an automated speed-enforcement system and technology (the “*Automated System*”). By its own terms, the speed-enforcement authorizations set forth in Act 86 expired after five years in February 2024. The Automated System is only used in active Enforcement Zones when proper notice is provided to motorists. The Automated System generates violation notices which are sent, via first class mail, to the registered owners of vehicles that travel 11 mph or more over the posted speed limit in an active Enforcement Zone. A registered owner’s first-time violation receives a written warning, the second violation is a \$75 fine and the third and all subsequent violations are a \$150 fine. After a 60-day pre-enforcement pilot period, enforcement began on March 9, 2020. Fines collected pursuant to Act 86 do not become revenues of the Commission.

On December 14, 2023, the Commonwealth enacted Act 38, which reauthorizes and permanently extends the Automated System in active work zones and is now known as the WZSSC program. The same requirements listed in Act 86 were adopted in Act 38.

TRAFFIC STUDY

The Pennsylvania Turnpike 2023 Traffic and Revenue Forecast Study prepared by CDM Smith dated May 31, 2023 (the “*2023 Traffic Study*”) was updated by a “bring down” letter developed by CDM Smith dated March 22, 2024 (the “*March 2024 Bring Down Letter*”), and a “bring down” letter developed by CDM Smith dated April 11, 2025 (the “*April 2025 Bring Down Letter*”) and together with the 2023 Traffic Study and the March 2024 Bring Down Letter, collectively,

the “*Traffic Study*”). The 2023 Traffic Study, the March 2024 Bring Down Letter and the April 2025 Bring Down Letter speak only as of their respective dates. In addition to incorporating an additional 11 months of actual data (through December 2024), and forecasted results for the period of Fiscal Year 2025 through Fiscal Year 2055 (the “*Forecast Period*”), the April 2025 Bring Down letter also revised the presentation of forecast transactions due to the implementation of ORT, updated the categorization of vehicle classes to align with the implementation of the axle and height under automated vehicle classification system, revised socioeconomic variables, made a downward revisions of the assumptions for E-Z Pass market shares throughout the forecast period, and made a slight upward revision to bad debt expense.

The Traffic Study is not a guarantee of any future events or trends and contains material information, forecasts, findings, assumptions and conclusions concerning traffic volume and toll revenue on the System. The Traffic Study contains certain “forward-looking statements” concerning the Commission’s operations, performance and financial condition, including the Commission’s future economic performance, plans and objectives. Such statements are based upon several assumptions and estimates which are subject to uncertainties, many of which are beyond the control of the Commission.

Notably, the Traffic Study assumes, among other things: (i) annual toll rate increases across the entire Turnpike System throughout the Forecast Period, with annual toll rate increases changing from 5.0% to 4.0% starting in 2026, 3.5% in 2027, and tapering down to 3.0% in 2028 through 2054; (ii) E-ZPass market share for passenger cars is expected to become saturated around 2027, with E-ZPass market shares of 89.8%; (iii) E-ZPass market share for commercial vehicles is expected to become saturated around 2028, with E-ZPass market shares of 93.3%; (iv) combined E-ZPass market share is expected to become saturated in 2036 at 89.9% total; (v) no net revenue impacts due to either the January 2025 conversion of the entire System to an axle/height vehicle classification or the conversion to ORT along the eastern segment of the Mainline and the Northeast Extension; and (vi) due to the transition to AET, the ongoing impacts of associated consumer behaviors regarding a portion of unpaid tolls and future annual toll increases, bad debt expenses will continue to increase in value but generally remain a steady percentage of net toll revenue over the Forecast Period. Although the dollar value of bad debt expense continues to grow each year, Fiscal Year 2024 represented the peak in the forecasted value in relation to net toll revenue. In Fiscal Year 2025, bad debt expense is forecast to equal 7.64% of net toll revenue. This figure is expected to gradually decline throughout the Forecast Period, reaching 7.45% of net toll revenue by Fiscal Year 2055.

The material information, forecasts, findings, assumptions and conclusions concerning traffic volume and toll revenue on the System set forth in the Traffic Study differ in a variety of ways from that presented in prior traffic studies and bring down letters. The Traffic Study should be closely reviewed in its entirety and is available on the Commission's website at: https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/traffic-toll-revenue-forecast-study/2023-traffic-revenue-forecast-study.pdf?sfvrsn=c781e8b8_4 and https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/traffic-toll-revenue-forecast-study/2024-bring-down-letter.pdf?sfvrsn=36ad087d_4 and https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/traffic-toll-revenue-forecast-study/2025-traffic-toll-revenue-letter.pdf?sfvrsn=47a2c6b2_4.

CAPITAL IMPROVEMENTS

Ten Year Capital Plan

The Commission prepares a ten-year capital plan for its facilities and equipment (exclusive of the Mon/Fayette Expressway and Southern Beltway projects), consisting of the Highway Program, the Technology Program, Fleet Equipment, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the System in a state of good repair are pursued.

On May 6, 2025, the Commission adopted its current ten-year capital plan for Fiscal Year 2026 (the “*Fiscal Year 2026 Capital Plan*”). The Fiscal Year 2026 Capital Plan demonstrates the Commission’s continued strategic intent to enhance its level of capital reinvestment and align with the decrease in Act 44/Act 89 Payments which began in Fiscal Year 2023.

The Fiscal Year 2026 Capital Plan continues the Commission’s efforts for (i) total roadway reconstruction and resurfacing, (ii) the rehabilitation or replacement of structurally deficient bridges, (iii) the implementation of ORT, (iv) facilities and energy management improvements including repair and replacement of maintenance facilities, and (v) the development and installation of a fiber optic network.

The Fiscal Year 2026 Financial Plan anticipates that approximately \$4.2 billion on a pay-as-you-go basis, with the remaining approximately \$3.6 billion funded with proceeds from additional Senior Revenue Bonds (as hereinafter defined), as well as \$228 million in funds from prior bond issuances and \$40 million from expected federal funds reimbursement. The Commission expects that the capital spending and additional debt issuance, will require the imposition of annual toll increases throughout the ten-year period and beyond. The Traffic Study assumes annual toll increases ranging between 3.0% to 4.0% in each year of the ten-year capital plan period. See “TRAFFIC STUDY,” “CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission,” and “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Future Financing Considerations” below.

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Capital expenditures by program category in the Fiscal Year 2026 Capital Plan are shown below.

FY2026 Ten Year Capital Plan (YOE)												
Program	Category	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	Total FINAL PLAN
Highway	Roadway/Safety	117,189,500	117,738,722	102,936,338	71,497,128	97,075,135	96,845,691	84,491,074	87,025,806	126,988,251	174,169,897	1,075,957,540
Highway	Bridge,Tunnels & Misc Structure	129,342,180	98,576,120	107,351,858	115,424,753	106,726,373	84,598,026	97,345,113	93,439,667	107,460,106	137,953,669	1,078,217,864
Highway	Total Reconstruction	215,338,947	190,068,719	208,268,130	270,711,126	292,939,442	345,292,940	326,911,442	307,594,909	346,879,036	283,440,756	2,787,445,447
Highway	Interchanges	38,497,541	43,190,520	78,514,025	115,948,110	52,530,444	70,924,388	101,897,438	103,723,872	52,127,589	52,843,314	710,197,241
Highway	Highway Miscellaneous	45,439,306	46,326,035	35,159,736	34,645,697	35,178,903	33,133,212	34,186,911	34,935,797	35,825,525	36,867,671	371,698,793
Highway	Total	545,807,473	495,900,116	532,230,087	608,226,813	584,450,298	630,794,257	644,831,978	626,720,051	669,280,506	685,275,307	6,023,516,886
FEMO	Re-capitalization	7,015,000	5,489,900	5,018,057	2,436,781	2,509,885	2,932,963	3,021,072	2,742,742	2,824,897	2,909,644	36,900,941
FEMO	Sustainment	2,850,000	4,944,515	5,092,850	5,245,636	5,403,005	5,565,095	5,732,048	5,904,009	6,081,130	6,263,564	53,081,853
FEMO	Compliance	9,411,800	9,398,750	9,150,263	9,971,134	10,157,717	10,462,449	10,895,727	11,223,829	11,685,954	12,036,533	104,394,155
FEMO	New Energy Initiative	1,896,000	4,053,050	3,219,832	1,895,881	1,952,758	2,011,341	4,698,596	4,839,554	2,197,846	2,263,781	29,028,638
FEMO	Facilities Design	24,539,000	35,124,236	39,981,290	38,142,838	33,343,198	38,169,099	34,060,342	35,082,152	36,134,617	37,218,655	351,795,426
FEMO	Total	45,711,800	59,010,451	62,462,291	57,692,270	53,366,563	59,140,947	58,407,785	59,792,286	58,924,444	60,692,177	575,201,013
Fleet Equipment	Total	20,855,465	20,600,000	21,218,000	21,854,540	21,384,667	22,026,207	22,686,994	23,367,603	22,801,861	23,485,917	220,281,256
Technology	Functional Business Software	102,438,511	97,893,919	67,719,177	47,610,115	46,112,096	36,250,500	48,920,323	51,863,781	53,419,694	55,022,285	607,250,402
Technology	Infrastructure HW / SW	28,865,067	27,269,986	19,503,726	25,602,594	29,296,994	41,420,863	31,081,181	0,537,768	31,453,901	32,397,518	297,429,598
Technology	Toll Collection / Operations	3,740,000	3,090,000	3,182,700	3,278,181	3,376,526	3,477,822	3,582,157	3,689,622	3,800,310	3,914,320	35,131,638
Technology	Total	135,043,578	128,253,905	90,405,602	76,490,890	78,785,617	81,149,185	83,583,661	86,091,171	88,673,906	91,334,123	939,811,638
EN-00115	Cashless Tolling Conversion	152,700,000	62,194,550	36,576,716	21,639,091	0	0	0	0	0	0	273,110,357
	Grand Total (PSEXP)	900,118,316	765,959,022	742,892,696	785,903,604	737,987,145	793,110,596	809,510,417	795,971,110	839,680,717	860,787,524	8,031,921,148
	Reimbursed Funds	0	0	0	0	5,000,000	15,000,000	20,000,000	0	0	0	40,000,000
	Grand Total (PSNET)	900,118,316	765,959,022	742,892,696	785,903,604	732,987,145	778,110,596	789,510,417	795,971,110	839,680,717	860,787,524	7,991,921,148

Highway Program

The Highway Program consists of roadway, bridge, tunnel and toll plaza/interchange projects. The Technology Program consists of toll collection, communication, and other electronic information management projects. The Fleet Program funds rolling stock that is required to maintain the System. The Facilities and Energy Management Program consists of buildings and large, heavy or high value equipment needs.

The highest priority highway project for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, and the replacement of both Mainline and overhead bridges. To date, the Commission has completed reconstruction of 164 miles of the Mainline with most of these sections widened to six lanes. Approximately another 18 miles are currently in construction and 90 miles are currently in design.

Based on the Fiscal Year 2026 Capital Plan, the Commission plans to spend approximately \$2.8 billion on total reconstruction projects and approximately \$1.1 billion on various bridge and tunnel projects over the next ten years. In total, the Highway Program includes funding of approximately \$6.0 billion over the next ten fiscal years.

Technology Program

The Information Technology (“*IT*”) department is responsible for overseeing the development, implementation, maintenance, and support of all information management technologies across the enterprise in two main categories. Functional Business Software includes planning, designing, and implementing systems and application technologies in the following program areas: GIS and Data Analytics, Enterprise and Business Systems, and Technology and Innovation Management. Infrastructure Hardware/Software includes maintenance, security, upgrades, and enhancements to the Central Office Data Center; the Wide Area Network and public safety radio system; and desktop technologies. This category also includes the following program areas: Server & Storage Management, End User Support, and Transportation Technologies and Communications, Intelligent Transportation Systems, Connected and Autonomous Vehicles, and IT Security. The Technology Program includes funding of approximately \$940 million over the next ten years to address the Commission’s technology needs including toll collection projects, communication, application development and technical operational needs. The Commission continued building the Unified Back Office System that provides the infrastructure, tools, and information management systems to enhance our customer service, and added a major Enterprise Resource Planning upgrade.

Fleet Program

The Fiscal Year 2026 Capital Plan includes approximately \$220 million of funding for the Fleet Program to purchase rolling stock to insure adequate maintenance of the roadway system.

Facilities and Energy Management Program

The Fiscal Year 2026 Capital Plan includes approximately \$575 million of funding for the Facilities and Energy Management Program to repair and replace the aging facilities of the Commission. This commitment will ensure that major equipment and facilities are in good repair to support ongoing Turnpike System operations.

While the Commission has moved to a fully cashless tolling system as of March 2020, additional capital investments are required to support an AET collection system and the ongoing conversion to an ORT system. The implementation of and long-term conversion to a cashless tolling system is estimated to require approximately \$273 million in capital funding over the next ten fiscal years. See “THE TURNPIKE SYSTEM – Toll Collection” herein for additional information.

I-95 Interchange

I-95 was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to either by-pass the Philadelphia area entirely or exit the interstate system and navigate a complex system of local roadways to access I-95 again in New Jersey.

The main objectives of the Pennsylvania Turnpike/I-95 Interchange Project (the “**Interchange Project**”) are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and opened to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The construction of Section D30 is ongoing which will extend the reconstruction and widening of the mainline approximately 2 miles to the west of the I-95 connection. Section C will be bid in the Spring of 2026. The third phase will be the construction of a new wider bridge over the Delaware River, referenced as the Delaware River Bridge (“**DRB**”), replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the prior Fiscal Year 2025 Capital Plan. In collaboration with the New Jersey Turnpike Authority (“**NJTA**”), a grant application was jointly submitted in August 2024 for the federal Bridge Investment Program (“**BIP**”). The grant request was for \$738.6 million which is 50/50 match and shared equally between NJTA and the Commission. A resubmission of the BIP application was made on June 16, 2025, and to date no selections have been announced.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is an approximately six-mile toll road between I-70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an approximately twelve-mile section of toll road from I-68 near Morgantown, West Virginia, to Fairchance, Pennsylvania, which is located just south of Uniontown. The third project is

an approximately sixteen-mile section of the Mon/Fayette Expressway from I-70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is an approximately fifteen-mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, which opened to traffic in July 2012. These four contiguous projects, which total 48 miles from Morgantown, West Virginia to Pennsylvania Route 51 south of Pittsburgh, are now part of the System.

On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to I-376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's decision to table the project. On June 26, 2017, the Southwestern Pennsylvania Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long-range plan. This action will allow FHWA to approve changes to the environmental impact statement ("*EIS*"), a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to I-376 are in excess of \$2 billion. An EIS re-evaluation was completed for the Mon/Fayette Expressway and approved by PennDOT and FHWA in 2019. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial sections MFE 53A1 and MFE 53A2 of the southern section have been bid and are under construction. The next section MFE 53B1A will bid in late-2025. Subsequent sections will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to I-79, which opened October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, which received environmental clearance in May 2009.

To date, the Commission has used the net proceeds of various series of its Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds, along with then currently available revenues, to fund the construction of the Mon/Fayette Expressway and Southern Beltway projects. It is currently anticipated that the remaining costs to complete the Mon/Fayette Expressway and the Southern Beltway will be financed over time using Oil Franchise Tax Revenues (on a pay-as-you-go basis and/or bonded basis) and other funding sources. Although the open sections of the Mon/Fayette Expressway and the Southern Beltway are toll roads, the Tolls (as hereinafter defined) pledged for the repayment of Turnpike Senior Revenue Bonds will not be applied to the costs of construction of these projects, which are instead expected to be funded by Oil Franchise Tax Revenues.

The unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects are not part of the Commission's ten-year capital plan, and the Commission has no legal obligation to fund the completion of such projects. To date, Act 89 has generated annual Oil Franchise Tax Revenues for the Commission in excess of the debt service coverage requirements for the Commission's outstanding Oil Franchise Tax Revenue Bonds.

Condition of the Turnpike System

The Commission's engineering and maintenance staff performs maintenance on, and repairs to, the System. In addition, the Commission also uses staff and consultants to perform periodic inspections of the System. Pursuant to the terms of the Turnpike Senior Revenue Indenture (as hereinafter defined), the Commission must arrange for the System to be inspected at least once every three years by engaging one or more consultants to conduct inspections and prepare a report. The report must state (a) whether the System has been maintained in good repair, working order and condition since the last inspection report and (b) any recommendations which such consultants may have as to revisions or additions to the Commission's annual capital budget.

The most recent inspection report completed in December 2023, the Pennsylvania Turnpike Condition Assessment Report 2023 (the "**Condition Assessment Report**"), was prepared by the General Consulting Engineer ("**GCE**") Michael Baker International.

Based on reviews performed by others as well as their own observations, the authors of the Condition Assessment Report found that, "overall, the Turnpike System is in Good condition." Three out of the four asset groups, including Roadways, Structures, and Technology, are rated in Good condition, while the Facilities Asset Group is rated in Good/Fair condition.

Each of the asset groups are in good working order based on the condition ratings of the individual assets within the asset group. The individual asset condition rating was developed through an extensive evaluation of qualitative and quantitative performance data. There are several different evaluation measures used across the array of the Commission's assets included in the Condition Assessment Report. The following is an overall summary of the conditions, and some, but not all, of the GCE's recommendations regarding each of the four asset groups.

Roadways Asset Group

The overall condition of the Roadways Asset Group is Good. This asset group is made up of pavement, guide rail, attenuators, concrete median barrier, signs, pavement markings, rock cut slopes, drainage infrastructure, and stormwater management. The data sources for this group are from inspections completed primarily by the PTC Engineering and Maintenance Departments, along with the support of the GCE and other consultants.

The System's pavement is measured with a Pavement Condition Rating ("**PCR**") and an International Roughness Index ("**IRI**") score. The PCR has been steady and ranks within established metrics and statewide averages. The IRI has shown improvement since the last Condition Assessment. The condition of concrete median barrier dropped slightly from the 2020 report. The PTC replaces barrier when a section is being reconstructed or if deterioration/damage compromises barrier integrity. The minor decline can be attributed to a combination of fewer miles of Total Reconstruction being completed since the last assessment and allocating available funds towards other roadway expenditures. The remaining assets in the Roadways Asset Group have the same rating as the last report.

Some key Roadways recommendations are for the PTC departments/units to investigate a single source of electronic data collection for efficiency, consistency, and cost-effectiveness. As

technology improves, many departments are using or evaluating the use of electronic data collection. Many vendors can collect multiple types of data concurrently, which would benefit the PTC.

Structures Asset Group

The overall condition of the Structures Asset Group is Good. The asset group is made up of bridges and culverts, sign structures, retaining walls and noise barriers, tunnels and portal buildings, high mast light poles, and tolling gantries. The data sources for this group are from inspections completed primarily by the consultants contracted to follow national inspection criteria and frequencies. Maintenance Department personnel perform additional cursory or walk-through inspections on some assets.

The PTC Bridge Unit continues to be an industry leader with a low percentage of Poor bridges. The development of a PTC Tunnel Management Committee has increased communication and effectiveness of all staff involved in identifying and remediating deficiencies within the tunnels. Aided by a rehabilitation, the tunnel asset improved its rating since the last condition assessment report. All other assets maintained the same rating, and a tolling gantries asset was added based on recommendations from the previous Condition Assessment report.

The GCE's recommendations regarding the Structures Asset Group include the PTC closely monitors the condition of long-span bridges and develop maintenance and preservation plans to maximize the structure's service life. Tunnel Management Committee meetings should continue the lines of communication with all parties involved. Databases for sign structures should be harmonized between departments to ensure accurate inventory information. Tolling gantry inspection information should be incorporated into the Bridge Management Software as available, and decommissioned gantries because of ORT should also be updated promptly.

Facilities Asset Group

The overall condition of the Facilities Asset Group is Good/Fair. The asset group is made up of service plazas and buildings for maintenance, interchange, administration, and district fare collection. State police barracks, warehouse and training facilities, stockpiles (remote salt storage), communication towers, and access gates are also included in the asset group. Inspections completed primarily by the Pennsylvania State Facilities Engineering Institute ("*PSFEI*") and with the support of the PTC Facilities Unit are the data sources for the group.

Increases in facility appraisal values, along with increases in construction materials, equipment, and labor, have created more volatility in the Facilities Asset Group than in previous reports. In this group, maintenance buildings, warehouse and training facilities, and stockpiles all have lower ratings than in 2020, and the ratings for interchange buildings improved. The prior Devault maintenance building was the poorest rated facility for the PTC. A new facility has been constructed to replace the prior one and was placed into service during FY25. The GCE analyzed deficiencies related to the physical asset and omitted other planning-level data collected by the PSFEI.

The GCE's recommendations regarding the Facilities Asset Group include, as costs continue to increase, the PTC is carefully reviewing the PSFEI Facility Condition Index ratings and evaluate Capital Plan funding for Poor or Critical assets not currently scheduled for replacement. The interchange facilities scheduled for demolition should be removed expeditiously to reduce associated operational and maintenance costs.

Technology Asset Group

The overall condition of the Technology Asset Group is Good. The asset group is made up of all electronic tolling, intelligent transportation systems, communication systems, the fiber optic broadband network, and cybersecurity controls for operational technology. The data sources for this group are from inspections completed primarily by contractors who have contractual agreements to manage, operate, and maintain these technologies for the PTC.

Technology is a rapidly changing asset group at the PTC as it seeks to stay at the forefront of expanding technologies to monitor and protect the system. The PTC utilizes AET, making these technologies a critical component of its operations. A statewide Fiber Optic Broadband Network (“*FOBN*”) is under construction and will enhance capacity, bandwidth, and reliability. The Commission has in place industry-leading Cybersecurity controls for Operational Technology processes that protect and secure the technologies and their systems.

The GCE’s recommendations regarding the Technology Asset Group include the PTC ensuring that proper maintenance procedures are in place to maximize technology asset lifetimes and get the most use out of the investments. The FOBN is managed by a Fiber Infrastructure Operations, Maintenance, and Commercialization Services (“*FOMC*”) contract. The GCE also recommended that the PTC maintain close communication with the FOMC provider to ensure accurate as-builts are provided and to capitalize on commercialization assets.

FINANCIAL PLAN

General

Act 44 requires the Commission to prepare and submit an annual financial plan (the “*Financial Plan*”) to the Secretary of the Budget of the Commonwealth no later than June 1 of each year for the ensuing fiscal year, describing its proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenses. The purpose of the annual Financial Plan is to demonstrate that the Commission’s operation in accordance with such plan can be reasonably anticipated to generate unencumbered funds sufficient to make all Act 44/Act 89 Payments due to PennDOT in the upcoming year after all other Commission obligations and interest thereon, sinking fund requirements of the Commission, and other requirements in any trust indenture, notes or resolutions have been met. Any deviations and the causes therefor in prior year plans must be explained.

Since the enactment of Act 44 in 2007, the Commission’s annual Financial Plan has demonstrated that for the prior Fiscal Year that the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current capital plan. The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2026 on May 30, 2025 (the “*Fiscal Year 2026 Financial Plan*”).

Fiscal Year 2026 Financial Plan

The Fiscal Year 2026 Financial Plan sets forth the reasonably expected revenues the Commission will generate necessary to meet required Turnpike operating and maintenance expenses, debt service payments, capital expenses, and liquidity requirements, and included the adoption of the

Fiscal Year 2026 Capital Plan. The Fiscal Year 2026 Financial Plan indicates that in Fiscal Year 2024 and Fiscal Year 2025, the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current capital plan. A copy of the Fiscal Year 2026 Financial Plan is available on the Commission’s website at: https://files.paturnpike.com/production/docs/default-source/resources/investor-relations/act-44/act-44-financial-plan6fd27b46-f904-4f00-98c6-16dfff6284d7.pdf?sfvrsn=2b739888_4.⁵

CERTAIN FINANCIAL INFORMATION

Revenue Sources of the Commission

The Commission’s revenues are principally derived from three separate sources: toll revenues from the operation of the System, revenue derived from a portion of the Commonwealth’s Oil Franchise Tax Revenues, and revenue derived from a portion of the Commonwealth’s vehicle registration fee revenues.

Toll Revenues

The largest part of the Commission’s revenues is derived from the collection of all rates, rents, fees, charges, fines and other income derived by the Commission from the vehicular usage of the System and all rights to receive the same (the “**Tolls**”). Tolls are pledged to secure the Commission’s outstanding Turnpike Senior Revenue Bonds and other parity and subordinate obligations issued under the Turnpike Senior Revenue Indenture. See “– Toll Schedule and Rates” and “– Five-Year Financial History” below for more information regarding the Tolls. See also “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness” herein.

Oil Franchise Tax Revenues

The Commission’s second principal stream of revenues consists of that portion of the Commonwealth’s oil company franchise tax revenues (the “**Oil Franchise Tax Revenues**”) allocated by statute to the Commission. The Oil Franchise Tax was first imposed in 1981 by Act 35, in the amount of 35 mills on each gallon of petroleum sold. The tax was increased by an additional 25 mills in 1983 by Act 32 and an additional 55 mills in 1991 by Act 26. With Act 3 of 1997, the tax was increased by an additional 38.5 mills to a total of 153.5 mills on all liquid fuels (primarily gasoline) and an additional 55 mills (for a total increase of 93.5 mills) for a total of 208.5 mills on liquid fuels and other fuels (which includes diesel fuel and all combustible gases and liquids used in an internal combustion engine for the generation of power to propel vehicles on the public highways, but excluding liquid fuels or dyed diesel fuel). Oil Franchise Tax Revenues consist of the Commission’s allocation of 14% of the additional 55 mills of Oil Franchise Tax which became effective September 1, 1991, pursuant to Act 26 (the “**Commission’s Allocation**”). Act 26 provides for monthly payments of Oil Franchise Tax Revenues to the Commission. Oil Franchise Tax Revenues are primarily pledged to the trust estate securing the Commission’s Oil Franchise Tax Revenue Bonds. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness” herein.

After making all the deposits required to the trust estate securing the Commission’s Oil Franchise Tax Revenue Bonds, the Trustee is required to transfer from the Revenue Fund to the credit

⁵ The information contained on such website link is not incorporated by reference in this Appendix A.

of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10 million remaining in such revenue fund. As of August 1, 2025, the balance in the Oil Franchise Tax General Fund was approximately \$95.1 million. Funds in the Oil Franchise Tax General Fund represent excess oil franchise tax revenues not required for debt service and, absent any deficiency in funds and accounts held under the OFT Indenture (as hereinafter defined), such funds may be used by the Commission for the purposes described in the OFT Indenture, including, without limitation, for any of its lawful corporate purposes.

The following table reflects the five-year history of annual Oil Franchise Tax Revenues collected by the Commonwealth and the annual amounts allocated to the Commission.

Five-Year History of Oil Franchise Tax Collections and Commission Allocation
(in thousands)

Fiscal Year (actual)	Oil Franchise Tax Collections ⁽¹⁾	Commission Allocation ^{(2) (3)}
2021	906,855	114,176
2022	950,192	136,522
2023	953,660	130,812
2024	961,400	137,513
2025 ⁽⁴⁾	928,659	128,998

⁽¹⁾ Amount determined at the end of the Commonwealth’s fiscal year ending June 30th of each year.

⁽²⁾ Amount determined at the end of the Commission’s fiscal year ending May 31st of each year.

⁽³⁾ The amount of the Commission’s Allocation does not equal exactly 14% of the tax collected from the added 55 mills due to the difference between the Commonwealth’s and the Commission’s fiscal years.

⁽⁴⁾ Preliminary, unaudited.

Registration Fee Revenues

The Commission’s third principal stream of revenues consists of a portion of the Commonwealth’s vehicle registration fee revenues (the “**Registration Fee Revenues**”). Registration Fee Revenues consist of an annual appropriation of \$28 million of increased registration fees allocated to the Commission, in monthly installments of \$2,333,333.33, pursuant to Act 3 of 1997. Registration Fee Revenues are primarily pledged to secure payment of the Commission’s Registration Fee Revenue Bonds. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Commission Indebtedness” herein.

Road User Charge for Electric Vehicles

Act 85 of 2024 (amended by Act 149), codified as Section 9024 of Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes, took effect on April 1, 2025 and established Road User Charge (“**RUC**”) fees for electric vehicles (“**EVs**”) and plug-in hybrid electric vehicles (“**PHEVs**”) registered in Pennsylvania. These fees replace the Alternative Fuels Tax established by Section 9004(d) of Chapter 90 of Title 75 of the Pennsylvania Consolidated Statutes for EVs and PHEVs with a gross vehicle weight rating of 14,000 pounds or less, aiming to ensure that EV and PHEV owners

contribute to the Motor License Fund for road and bridge maintenance, similar to gas-powered vehicle owners who pay fuel taxes. While a portion of the RUC fees have been allocated to the Commission in a manner consistent with the allocation of the Oil Franchise Tax, ***such RUC fees are not part of the Oil Franchise Tax and, accordingly, have not been pledged by the Commission as part of the Trust Estate that secures the 2025 Bonds or any other bonds issued under the OFT Indenture.***

Toll Schedule and Rates

On January 5, 2025, the Commission introduced ORT on trips east of Reading and on the entire Northeast Extension. ORT is anticipated to launch on the balance of the Mainline System in January of 2027. Prior to statewide implementation, tolls west of Reading will be charged to a customer as an interchange-to-interchange trip consistent with historical practice. See “THE TURNPIKE SYSTEM – Toll Collection” herein.

On January 5, 2025, the Commission also fully transitioned away from weight-based toll classification to an axle and height under automated vehicle classification system that calculates tolls based on the vehicle’s height plus the number of axles. The axle/height classification system has been utilized in eastern Pennsylvania at the Clarks Summit and Keyser Avenue tolling points on the Northeast Extension and also in western Pennsylvania on the Southern Beltway since the spring of 2018. Conversion of the entire Mainline System to the axle/height classification provides customers more predictability while reflecting the classification systems of the other roadways they travel. This change eliminates the high costs associated with the maintenance and operation of the scales and increases traveler safety by minimizing the traffic disruption needed to service and replace the scales within the pavement.

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Table I below illustrates the tolls and per mile rates applicable to each vehicle class for a trip on the Turnpike Mainline from Street Road (#352) and Cranberry (#28) following the toll increase that became effective in January 2025:

TABLE I
Current Tolls and Per Mile Rates for Mainline Roadway East – West Trip
Street Road (#352) – Cranberry (#28)

Vehicle Axle	Vehicle Height	Toll By Plate Effective 1/2025	Per Mile Toll By Plate	Toll Rate EZ-Pass Effective 1/2025	Per Mile EZ-Pass Rate
2	Low	104.22	0.321	52.11	0.160
2	High	156.48	0.481	78.24	0.241
3	Low	156.48	0.481	78.24	0.241
3	High	208.44	0.641	104.22	0.321
4	Low	208.44	0.641	104.22	0.321
4	High	312.66	0.962	156.33	0.481
5	Low	260.70	0.802	130.35	0.401
5	High	416.88	1.283	208.44	0.641
6+	Low	312.66	0.962	156.33	0.481
6	High	521.10	1.603	260.55	0.802
7+	High	625.32	1.924	312.66	0.962

Notes:

The above rates represent an “East West” trip for the toll system between Street Road (#352) and Cranberry (#28), previously Neshaminy Falls to Warrendale. For purposes of the Senior Indenture, the Mainline is the entire length of the roadway between Ohio and the Delaware River Bridge. The 30-mile Gateway to Warrendale roadway between Warrendale and the Ohio Turnpike has a barrier toll at the Gateway Mainline interchange (#2). The toll on the Gateway connector is payable only when traveling eastbound. The toll on the Delaware River Bridge (#H43) to the connection on the New Jersey Turnpike portion is a one-way toll westbound only.

Vehicle heights denoted as “Low” are 7’6” or lower and “High” are higher than 7’6”.

A toll calculator for the System can be found at <https://www.paturnpike.com/toll-calculator> and additional toll rate information can be found at <https://files.paturnpike.com/production/docs/default-source/resources/tolls/toll-schedule-2025/pa-turnpike-toll-schedule-2025.pdf>⁶

The most recent toll increase, which was 5%, took effect on January 5, 2025. The Traffic Study assumes that the Commission will continue to increase tolls annually throughout the forecast period, which ends in 2054. The Commission approved the January 2026 toll increase of 4% on July

⁶ The information contained on such website links are not incorporated by reference in this Appendix A.

1, 2025. While the approved January 2026 increase of 4% is less than prior years, it is consistent with the assumptions in the Traffic Study.

Act 44 requires the Commission to fix toll rates such that revenues from tolls and other sources to the Commission are sufficient to pay the cost of the System’s operation, construction, expansion and maintenance, all Commission obligations and interest thereon, sinking fund requirements of the Commission, other requirements in any trust indentures, notes or resolutions, and the Act 44/Act 89 Payments to PennDOT under the Amended Funding Agreement.

Between 1957 and 2008, the Commission implemented only five revisions in its toll schedule. However, with the enactment of Act 44 and the significant increases in the Commission’s funding obligations, from 2008 to 2021, the Commission implemented annual revisions to its toll schedule to maintain rates consistent with inflation, capital improvements and operational costs, Act 44/Act 89 Payment obligations, and the modernization of toll collection methods.

The following table summarizes the fundamental rate increases for the last ten years:

Recent Toll Rate Increase History⁽¹⁾

<u>Effective Date</u>	<u>Percent (%) Increase</u>	
	<u>Toll By Plate ⁽²⁾</u>	<u>E-ZPass</u>
1/3/2016	6	6
1/8/2017	6	6
1/7/2018	6	6
1/6/2019	6	6
1/5/2020	6	6
1/3/2021	6	6
1/2/2022	5	5
1/8/2023	5	5
1/7/2024	5	5
1/5/2025	5	5

⁽¹⁾ The Commission approved the January 2026 toll increase of 4% on July 1, 2025

⁽²⁾ Effective March 16, 2020, the Commission permanently transitioned to AET toll collection system, that now only utilizes Toll By Plate and E-ZPass. See “THE TURNPIKE SYSTEM – Toll Collection” above.

Five-Year Financial History

The following Tables II and III summarize certain operating and financial information with respect to the System for the Fiscal Years from 2021 to 2025. This information is derived from the Commission’s regularly prepared books and records. The financial information presented in Table III is a combination of cash basis financial statements with certain accruals included. **Certain information is not presented in accordance with generally accepted accounting principles and has not been audited.**

Tables II and III should be read in conjunction with the financial statements prepared in accordance with generally accepted accounting principles and related notes included in “APPENDIX B – AUDITED 2024 AND 2023 FINANCIAL STATEMENTS” of this Official Statement (the “*Financial Statements*”).

TABLE II

**Number of Vehicle Transactions and Fare Revenues Summarized by Fare Classification
(in thousands)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Number of Vehicle Transactions:⁽²⁾⁽³⁾					
Passenger	290,510	345,915	353,106	358,433	357,975
Commercial	70,317	76,673	77,527	77,473	78,938
Total	<u>360,827</u>	<u>422,588</u>	<u>430,633</u>	<u>435,906</u>	<u>436,913</u>
Toll Revenue(s):					
Passenger	\$640,111	\$854,081	\$904,550	\$963,560	\$1,003,712
Commercial	618,701	714,946	757,157	791,449	874,971
Total	<u>\$1,258,812</u>	<u>\$1,569,027</u>	<u>\$1,661,707</u>	<u>\$1,755,009</u>	<u>\$1,878,683</u>
Net Discounts, Adjustments and Toll Bad Debt	-68,393	-109,111	-121,002	-146,216	-157,989
Net Toll Revenues	\$1,190,419	\$1,459,916	\$1,540,705	\$1,608,793	\$1,720,694

⁽¹⁾ Preliminary, unaudited.

⁽²⁾ Number of vehicle transactions is unaudited.

⁽³⁾ On January 5, 2025, the Commission transitioned its toll collection to ORT on trips east of Reading and along the entire Northeast Extension. To allow for reasonable comparisons of current traffic volumes and revenues with prior periods, PTC's third-party traffic engineering consulting firm calculated estimated "equivalent volumes" for periods prior to the January 5, 2025 ORT launch and provided an ORT conversion table to reclass revenues from weight-based categories to Axle/Height categories. Traffic volumes and revenues prior to January 5, 2025 have been restated using these equivalent volumes and ORT revenue conversion table. Additionally, with the conversion from its weight-based vehicle classification system to an Axle/Height system, the Commission reclassified the 3L vehicle class from the commercial category to passenger category. Class 1 (passenger) vehicles under the previous weight-based classification system are now, for the most part, being recorded as class 2L and 3L transactions under the axle and height vehicle classification system. The regrouping of class 3L volumes and revenues to the passenger category provides more consistent reporting compared to prior periods.

TABLE III

**Summary of System Revenues and Operating Expenditures Before Interest and Other Charges⁽¹⁾
(000's Omitted)**

	<u>2021</u>	<u>2022</u>	<u>2023⁽²⁾</u>	<u>2024</u>	<u>2025⁽³⁾</u>
Revenues					
Net Fare Revenues	\$1,190,419	\$1,459,916	\$1,540,705	\$1,608,793	\$1,720,694
Concession Revenues	3,652	5,008	4,819	4,775	4,770
Senior Interest Income	13,391	12,534	24,027	31,520	42,751
Subordinate Interest Income	5,514	5,142	7,193	10,073	11,720
MLF Enhanced Interest Income	462	441	510	656	1,064
Miscellaneous	<u>36,101</u>	<u>38,654</u>	<u>45,959</u>	<u>50,167</u>	<u>53,576</u>
Total Revenues	<u>\$1,249,539</u>	<u>\$1,521,695</u>	<u>\$1,623,213</u>	<u>\$1,705,984</u>	<u>\$1,834,575</u>
Operating Expenditures					
General & Administrative	\$50,860	\$63,196	\$66,966	\$69,965	\$74,865
Traffic Engineering and Operations	3,396	3,471	3,454	3,749	3,898
Service Centers	48,334	59,688	70,033	72,570	80,226
Employee Benefits ⁽⁴⁾	86,087	16,100	47,092	38,405	35,975
Toll Collection	31,261	26,237	26,453	24,784	22,235
Normal Maintenance	74,891	78,065	78,379	81,528	94,809
Facilities and Energy Mgmt. Operations	11,400	11,763	12,402	11,461	17,501
Turnpike Patrol	<u>55,593</u>	<u>53,738</u>	<u>60,504</u>	<u>69,439</u>	<u>70,136</u>
Total Operating Expenditures⁽⁴⁾	<u>\$361,822</u>	<u>\$312,258</u>	<u>\$365,283</u>	<u>\$371,901</u>	<u>\$399,645</u>
Revenues less Operating Expenditures	\$887,717	\$1,209,437	\$1,257,930	\$1,334,083	\$1,434,930
Senior Annual Debt Service Requirement	\$234,905	\$311,234	\$372,520	\$419,102	\$453,581
Coverage Ratio ⁽⁵⁾	3.75	3.87	3.36	3.16	3.14
Annual Subordinate Debt Service Requirement	\$261,311	\$331,983	\$334,737	\$347,450	\$373,897
Coverage Ratio ⁽⁶⁾	1.79	1.88	1.78	1.74	1.73
Annual MLF Enhanced Debt Service Requirement	\$48,818	\$49,385	\$53,427	\$56,583	\$57,914
Coverage Ratio ⁽⁷⁾	1.63	1.75	1.65	1.62	1.62

⁽¹⁾ This summary of revenues and operating expenditures is not intended to present results of operations in conformity with generally accepted accounting principles. Debt service is net of capital interest and receipt of Federal Subsidy.

⁽²⁾ Cost of Services for Fiscal Year 2023, presented in previous official statements, have been restated to conform with the required implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. General & Administrative expenses have been reduced by approximately \$1.2 million.

⁽³⁾ Preliminary, unaudited.

⁽⁴⁾ Operating expenses for Fiscal Year 2022 include accounting entries to pension and OPEB expenses that reduce the reported operating expenses by \$59 million. Without these entries, estimated Fiscal Year 2022 operating expenses would be \$371 million.

(Notes Continue on Following Page)

- (5) Calculated using Senior Interest Income.
- (6) Calculated using Senior and Subordinate Interest Income.
- (7) Calculated using Senior, Subordinate and MLF Enhanced Interest Income.

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COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS

Commission Indebtedness

Authority to Issue Debt

Under the Enabling Acts, the Commission is authorized and empowered, among other things, to issue turnpike revenue bonds, notes or other obligations (either senior on a parity basis or subordinate) to pay (i) pursuant to the Amended Funding Agreement, if applicable, the costs of construction, reconstructing, widening, expanding or extending I-80 or any other costs of I-80 and the System, (ii) Act 44/Act 89 Payments to PennDOT, (iii) costs of improvements to the System, and (iv) certain amounts pursuant to the Amended Funding Agreement, to be used for mass transit programs, multi-modal transportation programs and, other transportation programs of statewide significance, alternative energy transportation programs (provided that, pursuant to the terms of the Amended Funding Agreement, the proceeds of any Special Revenue Bonds (as hereinafter defined) may not be applied for payments to mass transit programs, multi-modal transportation programs or alternative energy transportation programs).

The bonds authorized to be issued by the Commission under Act 44 included up to \$5 billion of Special Revenue Bonds. Proceeds of such bonds were applied toward the satisfaction of the Commission's scheduled annual Act 44/Act 89 Payment obligations under the Amended Funding Agreement and the Enabling Acts, except for that portion of the annual payment obligations to be deposited in the Public Transportation Trust Fund pursuant to the terms of the Amended Funding Agreement. Since all of the Commission's Act 44/Act 89 Payments to PennDOT under the Amended Funding Agreement are being deposited into the Public Transportation Trust Fund commencing July 1, 2014, as of such date, the Commission is no longer issuing Special Revenue Bonds to fund its obligations under the Amended Funding Agreement. See "*Statutory Limitations on the Incurrence of Special Revenue Bonds*" below. The Amended Funding Agreement provides that the Commission is obligated to pay all debt service due with respect to the Special Revenue Bonds.

Outstanding Indebtedness

The Commission has the following outstanding indebtedness: (1) Turnpike Senior Revenue Bonds secured by the pledge of the Trust Estate under the Turnpike Senior Revenue Indenture consisting primarily of Tolls received by or on behalf of the Commission from the System; (2) Turnpike Subordinate Revenue Bonds (as hereinafter defined) secured by a pledge of the Trust Estate under the Turnpike Subordinate Revenue Indenture consisting primarily of Commission Payments from amounts transferred from the General Reserve Fund under the Turnpike Senior Revenue Indenture after the payment of all Turnpike Senior Revenue Indenture Obligations; (3) Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds (referred to herein as the "***Special Revenue Bonds***") secured by Commission Payments on a subordinate basis to Turnpike Subordinate Revenue Bonds; (4) Oil Franchise Tax Revenue Bonds secured by a pledge of the Oil Franchise Tax Revenues; and (5) Registration Fee Revenue Bonds secured by revenues received from the Motor License Fund.

The following table summarizes the Commission’s outstanding indebtedness as of the date of this Official Statement.

Outstanding Commission Indebtedness

	Outstanding Principal	Accreted thru 6/1/2025	Total Outstanding
Turnpike Senior Revenue Bonds	\$7,425,720,000		\$7,425,720,000
Turnpike Subordinate Revenue Bonds	5,860,642,764	\$41,938,297	5,902,581,061
Special Revenue Bonds	889,829,559	55,055,510	944,885,068
Oil Franchise Tax Revenue Bonds	1,413,536,246	19,565,689	1,433,101,935
Registration Fee Revenue Bonds	294,490,000		294,490,000

Upon the issuance of the 2025 Bonds, \$1,616,606,935 in aggregate principal amount of Oil Franchise Tax Revenue Bonds, including accreted interest through June 1, 2025, will be outstanding. See "ESTIMATED SOURCES AND USES OF FUNDS" in the forepart of this Official Statement for more information.

As of the date of this Official Statement, approximately 92.8% of the Commission’s outstanding debt is fixed rate, 6.6% is synthetic fixed, and 0.7% is unhedged variable rate. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS “ – Direct Purchase Obligations,” “ – Letter of Credit Agreements” and “ – Interest Rate Exchange Agreements” below for information.

Turnpike Senior Revenue Bonds

Turnpike Senior Revenue Bonds are issued under that certain Amended and Restated Trust Indenture originally dated as of July 1, 1986, and Amended and Restated as of March 1, 2001, between the Commission and U.S. Bank Trust Company, National Association, as trustee (the “*Turnpike Senior Revenue Indenture Trustee*”), as supplemented and amended (the “*Turnpike Senior Revenue Indenture*”). Tolls are presently pledged to secure the Turnpike Senior Revenue Bonds, as well as Turnpike Senior Revenue Indenture Parity Obligations, and any subordinated indebtedness that may be issued under the Turnpike Senior Revenue Indenture (collectively, the “*Turnpike Senior Revenue Indenture Obligations*”).

As of the date of this Official Statement, the Commission has \$7,425,720,000 in principal amount of Turnpike Senior Revenue Bonds outstanding under the Turnpike Senior Revenue Indenture. The Commission has not issued any subordinated indebtedness under the Turnpike Senior Revenue Indenture.

Also included in the principal amount outstanding under the Turnpike Senior Revenue Indenture as of the date of this Official Statement is \$637,665,000 aggregate principal amount of variable rate obligations and \$397,325,000 aggregate principal amount of direct purchase obligations. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Direct Purchase Obligations” for a summary of direct purchase obligations of the Commission. Other obligations incurred and outstanding under the Turnpike Senior Revenue Indenture include the Commission’s obligations under various interest rate swap agreements having a total current notional amount of \$623,295,000 as of June 1, 2025.

Tolls are not pledged to secure the Oil Franchise Tax Revenue Bonds, the Registration Fee Revenue Bonds or the bonds and other obligations issued (or otherwise secured) under the Subordinate Revenue Indenture (the “*Turnpike Subordinate Revenue Indenture Obligations*”). All Turnpike Subordinate Revenue Indenture Obligations are subordinated to the payment of the Turnpike Senior Revenue Indenture Obligations issued under the Turnpike Senior Revenue Indenture.

Neither the Turnpike Subordinate Revenue Indenture Obligations, the Oil Franchise Tax Revenue Bonds, nor the Registration Fee Revenue Bonds are secured by or have any interest in the Trust Estate established pursuant to the Turnpike Senior Revenue Indenture.

The Commission may in the future, under the terms of the Turnpike Senior Revenue Indenture, identify in writing certain roads, other than the Turnpike Mainline and the Northeast Extension, as not being part of the System for the purposes of the Turnpike Senior Revenue Indenture which would eliminate toll revenues from these portions from the definition of Tolls under the Turnpike Senior Revenue Indenture. The Commission currently has no plans to remove any roads from the System.

In addition, under the Turnpike Senior Revenue Indenture, the Commission has covenanted that it will not sell, lease, or otherwise dispose of real estate or personal property comprising a portion of the System except upon compliance with the provisions of the Turnpike Senior Revenue Indenture, including a determination by resolution that the Net Revenues of the Commission will not be materially adversely affected. The Commission from time to time may consider various proposals that could involve the transfer or other disposition of Commission property. Any such transfer or disposition would be required to comply with the provisions of the Turnpike Senior Revenue Indenture.

Turnpike Subordinate Revenue Bonds

Pursuant to the terms of the Subordinate Trust Indenture dated as of April 1, 2008, between the Commission and Computershare Trust Company, National Association (the “*Turnpike Subordinate Revenue Indenture Trustee*”), as amended and supplemented (the “*Turnpike Subordinate Revenue Indenture*”), the Commission has covenanted to direct the Turnpike Senior Revenue Indenture Trustee to pay to the Turnpike Subordinate Revenue Indenture Trustee, after payment of all required debt service on all Turnpike Senior Revenue Indenture Obligations and subject to the provisions of the Turnpike Senior Revenue Indenture, out of the General Reserve Fund established under the Turnpike Senior Revenue Indenture, such amounts as are required by the Turnpike Subordinate Revenue Indenture, by a supplemental indenture to the Turnpike Subordinate Revenue Indenture or by a parity swap agreement to pay, at the times specified, all amounts due in respect of the Turnpike Subordinate Revenue Indenture Obligations outstanding under the Turnpike Subordinate Revenue Indenture or under a parity swap agreement.

Accordingly, the Commission is required to instruct and furnish a debt service schedule to the Senior Revenue Indenture Trustee providing (i) for the payment to the Subordinate Revenue Indenture Trustee out of available funds held in the General Reserve Fund of the amount from time to time necessary to satisfy all required deposits under the Turnpike Subordinate Revenue Indenture to the Commission Payments Fund established under the Turnpike Subordinate Revenue Indenture and (ii) for the payment of debt service on the outstanding Turnpike Subordinate Revenue Indenture

Obligations and all other payments required from time to time under the Subordinate Revenue Indenture and in any supplemental indenture to the Turnpike Subordinate Revenue Indenture (collectively, the “*Commission Payments*”).

Under the Turnpike Subordinate Revenue Indenture, the Commission may, from time to time, issue additional bonds to satisfy its payment obligations under the Enabling Acts, including (a) bonds issued for the purpose of making Act 44/Act 89 Payments to PennDOT to finance transit programs, and which are not secured by payments from the Motor License Fund, but have a senior claim on Commission Payments (the “*Subordinate Revenue Bonds*”) and (b) Special Revenue Bonds. The Commission intends that any long-term indebtedness to be issued under the Turnpike Subordinate Revenue Indenture is to be paid solely from Commission Payments. Such obligations, if issued, are subordinate to the Turnpike Senior Revenue Bonds issued under the Turnpike Senior Revenue Indenture. Such Subordinate Revenue Bonds will be parity obligations with the outstanding Turnpike Subordinate Revenue Bonds already issued under the Turnpike Subordinate Revenue Indenture.

As of the date of this Official Statement, the Commission has \$5,902,581,061 in aggregate principal amount of Turnpike Subordinate Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture (including compounded amounts as of June 1, 2025, for outstanding capital appreciation bonds). The foregoing amounts include \$291,850,000 aggregate principal amount of floating rate notes constituting a direct purchase obligation. See “– Direct Purchase Obligations” below for a summary of direct purchase obligations of the Commission. Other obligations incurred and outstanding under the Turnpike Subordinate Revenue Indenture include the Commission’s obligations under an interest rate swap agreement having a notional amount of \$291,850,000 as of June 1, 2025.

Statutory Limitations on the Incurrence of Special Revenue Bonds

Under the Enabling Acts, the Commission is authorized to issue, by resolution, Special Revenue Bonds (as contemplated in §9511.2 of Act 44), and as issued as such under the Turnpike Subordinate Revenue Indenture up to an aggregate principal amount of \$5 billion, exclusive of original issue discount, for the purpose of paying bond related expenses and costs of PennDOT, including the costs of highway, road, tunnel and bridge construction, renovation and expansion, including acquisition of land, rights, machinery and equipment and certain finance charges relating thereto, planning, engineering, administrative and other expenses, and debt service. No more than \$600 million in aggregate principal amount of such Special Revenue Bonds, exclusive of original issue discount, may be issued in any calendar year. No such bonds may be issued unless the Amended Funding Agreement is in effect, and no such bonds may be outstanding beyond the stated term of the Amended Funding Agreement at the time of issuance. Special Revenue Refunding Bonds (as defined in §9511.9 of Act 44) shall not be deemed to count against the total or annual maximum issuance volume under Act 44. Pursuant to Act 89, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation commencing July 1, 2014, as all of such annual payment obligation is to be deposited in the Public Transportation Trust Fund after such date, although Special Revenue Refunding Bonds could be issued.

Special Revenue Bonds have been issued under the Turnpike Subordinate Revenue Indenture. As of the date of this Official Statement, the Commission has \$944,885,068 in aggregate principal amount of Special Revenue Bonds outstanding under the Turnpike Subordinate Revenue Indenture

(including compounded amounts as of June 1, 2025, for capital appreciation bonds). Special Revenue Bonds have a right to payment from Commission Payments that is subordinate to the rights of payment of the holders of Turnpike Subordinate Revenue Bonds issued under the Turnpike Subordinate Revenue Indenture.

Should the Commission fail to timely make required debt service deposits for Special Revenue Bonds, the Subordinate Revenue Indenture Trustee shall proceed under the terms of Act 44 and a Memorandum of Agreement between PennDOT, the Office of the Budget of the Commonwealth and the Pennsylvania State Treasurer, dated July 16, 2010 (the “*MOA*”), to notify PennDOT of such default, and thereafter, PennDOT shall give notice to the Office of the Budget of the Commonwealth of such deficiency, the Office of the Budget of the Commonwealth shall request that the Treasurer of the Commonwealth transfer funds to the Subordinate Revenue Indenture Trustee in an amount necessary to cure such deficiency, and the Treasurer of the Commonwealth shall transfer such funds to the Subordinate Revenue Indenture Trustee but only from amounts available for such purpose in the Motor License Fund. The appropriation of money in the Commonwealth’s Motor License Fund in respect of Special Revenue Bonds issued by the Commission under Act 44 is continuing and non-lapsing. The Commonwealth has no obligation to appropriate any funds, other than available funds on deposit in the Motor License Fund, for the payment of any such Special Revenue Bonds. Pursuant to the MOA, certain funds equal to the maximum annual debt service on outstanding Special Revenue Bonds are to be set aside (but not pledged) in the Motor License Fund for this purpose upon the issuance of Special Revenue Bonds. Funds in such amounts were set aside in the Motor License Fund in connection with the issuance of fourteen series of the Commission’s Motor License Fund-Enhanced Turnpike Subordinate Special Revenue Bonds. The Commission is obligated pursuant to the Amended Funding Agreement to reimburse the Treasurer of the Commonwealth for any amounts withdrawn from the Motor License Fund in order to cure a default in the payment by the Commission with respect to the annual debt service on any such Special Revenue Bonds. This reimbursement obligation is subject to and junior to the payment obligations of the Commission under the Special Revenue Bonds.

Oil Franchise Tax Revenue Bonds

As of the date of this Official Statement, the Commission has (i) \$844,361,935 in aggregate principal amount of Oil Franchise Tax Senior Revenue Bonds, including accreted interest through June 1, 2025, and (ii) \$588,740,000 in aggregate principal amount of Oil Franchise Tax Subordinated Revenue Bonds, outstanding under that certain trust indenture relating to such bonds (the “*OFT Indenture*”). After the issuance of the 2025 Bonds, \$1,616,606,935 in aggregate principal amount of Oil Franchise Tax Revenue Bonds, including accreted interest through June 1, 2025, will be outstanding. Oil Franchise Tax Revenue Bonds are secured solely by the trust estate securing those bonds which includes, among other things, Oil Franchise Tax Revenues allocated to the Commission. **The Oil Franchise Tax Revenues are not pledged to secure any Turnpike Senior Revenue Indenture Obligations, any Subordinate Revenue Indenture Obligations or any Registration Fee Revenue Bonds.** Note, however, that funds in the Oil Franchise Tax General Fund may, absent any deficiency in the funds held under the OFT Indenture, be used by the Commission for any purposes authorized by the OFT Indenture, including, without limitation, to further any lawful corporate purpose. See “CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Oil Franchise Tax Revenues” herein.

Registration Fee Revenue Bonds

As of the date of this Official Statement, the Commission has \$294,490,000 in aggregate principal amount of the Commission’s Registration Fee Revenue Bonds (the “**Registration Fee Revenue Bonds**”) outstanding under that certain trust indenture relating to such bonds. Registration Fee Revenue Bonds are issued under a separate indenture, as subsequently amended and supplemented, securing Registration Fee Revenue Bonds. The proceeds of the Registration Fee Revenue Bonds were spent on portions of the Mon/Fayette Expressway and the Southern Beltway, are secured by, and are to be paid solely from, Registration Fee Revenues. See “– Direct Purchase Obligations” and “– Future Financing Considerations” below and “CERTAIN FINANCIAL INFORMATION – Revenue Sources of the Commission – Registration Fee Revenues” herein for more information regarding Registration Fee Revenue Bonds.

Direct Purchase Obligations

Below is a summary of direct purchase obligations of the Commission outstanding as of the date of this Official Statement. These transactions may include terms and provisions, including but not limited to covenants and events of default, that are different from those contained in the Turnpike Senior Revenue Indenture and Subordinate Revenue Indenture. The Direct Purchase Obligations issued to date are not additionally secured by a Debt Service Reserve Fund. Copies of certain agreements relating to these transactions may be viewed on the Municipal Securities Rulemaking Board – Electronic Municipal Market Access system (“**EMMA**”).

First Series of 2022 Bonds (Subordinate)

Turnpike Subordinate Revenue Refunding Bonds, First Series of 2022 (the “**First Series of 2022 Bonds**”), of which \$291,850,000 aggregate principal amount is outstanding as of the date of this Official Statement, were issued under the Subordinate Revenue Indenture on April 28, 2022 and are parity obligations with certain Subordinate Revenue Bonds and other parity obligations issued under the Subordinate Revenue Indenture. Additional information regarding the First Series of 2022 Bonds can be found at: <https://emma.msrb.org/P11599155-P11233724-P11656323.pdf>.⁷

Turnpike Revenue Bonds, Series B of 2024 (Senior)

Pursuant to the terms of Supplement Indenture No. 73 and that certain Bond Purchase Agreement dated February 15, 2024 (the “**2024B Purchase Agreement**”) between the Commission and Redeployment Partners LP (“**RPLP**”), each relating to the Turnpike Revenue Bonds, Series B of 2024 (the “**Series B of 2024 Bonds**”), the Commission has previously delivered to RPLP the Series B of 2024 Bonds, of which \$90,000,000 aggregate principal amount is outstanding as of the date of this Official Statement. The Series B of 2024 Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The Series B of 2024 Bonds are not secured by a debt service reserve fund. Additional information regarding the original issuance of the Series B of 2024 Bonds can be found at:

⁷ The information contained on such website link is not incorporated by reference in this Appendix A.

<https://emma.msrb.org/P21803313.pdf>.⁸ The Commission and RPLP agreed in the 2024B Purchase Agreement and pursuant to Supplemental Indenture No. 73 that, assuming the conditions to conversion set forth in Supplemental Indenture No. 73 and the 2024B Purchase Agreement were satisfied, the Commission would issue and deliver to the Trustee for the benefit of RPLP all, and not less than all, of the Series B of 2024 Bonds bearing a CUSIP number and in book-entry form registered in the registry books of the Commission kept by the Trustee in the name of Cede & Co., as nominee of DTC (the “**2024B Converted Bond**”), in exchange for cancellation of the originally issued Series B of 2024 Bonds. The Commission delivered such 2024B Converted Bond on January 22, 2025 and additional information with respect thereto can be found at <https://emma.msrb.org/P11839464.pdf>.⁹

Turnpike Revenue Bond, Series of 2024 (Forward Delivery)

In October 2024 the Commission issued its Turnpike Revenue Bonds, Series of 2024 (Forward Delivery) (the “**Forward Delivery Bonds**”), of which \$233,015,000 aggregate principal amount is outstanding as of the date of this Official Statement. The Forward Delivery Bonds were purchased by Wells Fargo Municipal Capital Strategies, LLC (the “**Purchaser**”) pursuant to a Continuing Covenant Agreement dated December 28, 2022 (the “**Continuing Covenant Agreement**”), between the Commission and the Purchaser, and were issued pursuant to the Indenture, as supplemented by a certain Supplemental Trust Indenture No. 77 dated as of October 1, 2024. The Forward Delivery Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The Forward Delivery Bonds are not secured by a debt service reserve fund. Additional information regarding the Forward Delivery Bonds can be found at: <https://emma.msrb.org/P21644096-P21265428-P21691905.pdf>.¹⁰

Turnpike Revenue Bonds, Second Series of 2024 (Senior)

Pursuant to the terms of Supplement Indenture No. 78 relating to the Turnpike Revenue Refunding Bonds, Second Series of 2024 (the “**Second Series of 2024 Bonds**”), the Commission has previously delivered to DVRC Pennsylvania Turnpike II Limited Partnership (“**DVRC**”) the Second Series of 2024 Bonds, of which \$43,890,000 aggregate principal amount is outstanding as of the date of this Official Statement. The Second Series of 2024 Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The Second Series of 2024 Bonds are not secured by a debt service reserve fund. Additional information regarding the Second Series of 2024 Bonds can be found at: <https://emma.msrb.org/P21875285.pdf>.¹¹

Turnpike Revenue Bonds, First Series of 2025 (Senior)

Pursuant to the terms of Supplement Indenture No. 79 relating to the Turnpike Revenue Refunding Bonds, First Series of 2025 (the “**First Series of 2025 Bonds**”), the Commission has previously delivered to DVRC the First Series of 2025 Bonds, of which \$30,420,000 aggregate principal amount is outstanding as of the date of this Official Statement. The First Series of 2025

⁸ The information contained on such website link is not incorporated by reference in this Appendix A.

⁹ The information contained on such website link is not incorporated by reference in this Appendix A.

¹⁰ The information contained on such website link is not incorporated by reference in this Appendix A.

¹¹ The information contained on such website link is not incorporated by reference in this Appendix A.

Bonds are parity obligations with certain Turnpike Senior Revenue Bonds and other parity obligations issued under the Turnpike Senior Revenue Indenture. The First Series of 2025 Bonds are not secured by a debt service reserve fund. Additional information regarding the First Series of 2025 Bonds can be found at: <https://emma.msrb.org/P11839464.pdf>.¹²

Line of Credit

In June 2020, the Commission obtained a \$200 million one-year revolving line of credit from PNC Bank, National Association, authorized to be used for the purposes of funding or refinancing costs including general working capital needs of the Commission, funding/reimbursing necessary reserves and the payment of debt service on certain Turnpike Senior Revenue Bonds. The Commission has renewed the Line of Credit, in June of each year, including its most recent renewal in June 2025, to provide funding for (or refinancing) costs including general working capital needs of the Commission. The Line of Credit constitutes Short-Term Indebtedness and a Parity Obligation under the Turnpike Senior Revenue Indenture. To date, no draws have been made on the current Line of Credit.

Letter of Credit Agreements

The Commission has entered into letter of credit agreements related to certain of its Turnpike Senior Revenue Bonds as detailed in the following table. The letter of credit agreements may contain provisions that are different from, and may be more restrictive than, the Turnpike Senior Revenue Indenture.

Summary of Letter of Credit Agreements for Turnpike Senior Revenue Bonds
(as of the date of this Official Statement)

<u>Variable Rate Bond Issue</u>	<u>Amount Outstanding</u>	<u>Provider</u>	<u>Expiration Date</u>
Series A of 2020	\$91,100,000	Barclays Bank PLC	06/12/2026
Second Series of 2019	139,815,000	TD Bank, N.A.	06/01/2028
Series B of 2023	180,930,000	TD Bank, N.A.	11/09/2028
Series of 2020	225,820,000	TD Bank, N.A.	06/24/2030

Interest Rate Exchange Agreements

The Commission has interest rate exchange agreements with respect to certain portions of its Turnpike Senior Revenue Bonds, Series 2009A, Second Series of 2019, Series of 2020, Series 2020A and Series 2023B. In addition, the Commission has interest rate exchange agreements with respect to its Turnpike Subordinate Revenue Refunding Bonds, First Series of 2022, Registration Fee Revenue Refunding Bonds, Series of 2023, and Oil Franchise Tax Revenue Bonds, Series 2009B and 2016A.

¹² The information contained on such website link is not incorporated by reference in this Appendix A.

Interest Rate Exchange Agreements
(as of August 1, 2025)

<u>Lien</u>	<u>Current Notional</u>	<u>Mark to Market Valuation</u>
Turnpike Senior Revenue Bonds	\$623,295,000	\$(25,029,003)
Turnpike Subordinate Revenue Bonds	291,850,000	41,155,506
Motor Vehicle Registration	231,425,000	(20,363,350)
Oil Franchise Tax Revenue Bonds	309,400,000	(364,382)

See Note 4, Note 8, and Note 10 to the Financial Statements for additional information relating to the interest rate exchange agreements. The Commission does not have any interest rate exchange agreements associated with its Special Revenue Bonds.

There are a number of risks associated with Swaps (as hereinafter defined) that could affect the value of the Swaps, the ability of the Commission to accomplish its objectives in entering into the Swaps and the ability of the Commission to meet its obligations under the Swaps. These risks include, among others, the following: counterparty risk – the failure of the counterparty to make required payments; credit risk – the occurrence of an event modifying the credit rating of the Commission or its counterparty; termination risk – the need to terminate the transaction in a market that dictates a termination payment by the Commission under certain events, including but not limited to, credit rating downgrades of the Commission, defaults, etc.; collateral posting risk – the risk of the Commission posting collateral upon certain credit rating downgrades; tax risk – the risk created by potential tax events that could affect Swap payments; and basis risk – the mismatch between actual variable rate debt service and variable rate indices used to determine Swap payments.

Prior to June 30, 2023, certain of the Commission’s Swaps used London Interbank Offered Rate (“**LIBOR**”) based rates as a reference rate for determining the interest rate and/or other payment obligations thereunder. On January 3, 2022, the Commission submitted an Adherence Letter to the International Swaps and Derivatives Association, Inc., (“**ISDA**”) indicating the Commission’s adherence to the ISDA 2020 LIBOR Fallbacks Protocol (the “**ISDA Protocol**”). The Commission received confirmation that ISDA accepted the Commission’s Adherence Letter on January 3, 2022. Each of the Commission’s swap counterparties adhered to the ISDA Protocol, which together with the Commission’s adherence, incorporated ISDA Protocol interest rate fallback language in the respective Interest Rate Exchange Agreements providing for the use of the secured overnight funding rate (“**SOFR**”), plus the defined spread, to determine a replacement rate for LIBOR after its permanent discontinuance on June 30, 2023.

The Commission actively monitors the degree of risk and exposure associated with the Swaps to which it is a party but can offer no assurances that compliance with its Swap Policy (as hereinafter defined) will prevent the Commission from suffering adverse financial consequences as a result of these transactions.

Other Obligations

Act 44/Act 89 Payments to PennDOT

The Enabling Acts provide that all Act 44/Act 89 Payments shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission

requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission. Pursuant to the Amended Funding Agreement, the Act 44/Act 89 Payments to PennDOT over the seven Fiscal Years ended May 31, 2014, were allocated between deposits to the Commonwealth Motor License Fund (the “**Motor License Fund**”) for road and bridge work and deposits into the Public Transportation Trust Fund for distribution to Pennsylvania’s local and regional public transportation agencies for operating and capital purposes.

No portion of the Act 44/Act 89 Payments to be deposited into the Public Transportation Trust Fund may be made with proceeds of Special Revenue Bonds. Effective July 1, 2014, 100% of the scheduled Act 44/Act 89 Payments to PennDOT are being deposited into the Public Transportation Trust Fund and may be used to support transit operating and capital costs, multi-modal transportation capital project costs and alternative energy transportation capital project costs.

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Act 44/Act 89 Payments
(in millions)

Fiscal Year Ended May 31	Payments to Motor License Fund	Payments to Public Transportation Trust Fund	Total
2008	\$450.0	\$300.0	\$750.0
2009	500.0	350.0	850.0
2010	500.0	400.0	900.0
2011	200.0	250.0	450.0
2012	200.0	250.0	450.0
2013	200.0	250.0	450.0
2014	200.0	250.0	450.0
2015	0.0	450.0	450.0
2016	0.0	450.0	450.0
2017	0.0	450.0	450.0
2018	0.0	450.0	450.0
2019	0.0	0.0	0.0
2020	0.0	900.0	900.0
2021	0.0	450.0	450.0
2022	0.0	450.0	450.0
2023	0.0	50.0	50.0
2024	0.0	50.0	50.0
2025	0.0	50.0	50.0
2026	0.0	12.5	12.5
<u>Totals:</u>	<u>\$2,250.0</u>	<u>\$5,812.5</u>	<u>\$8,062.5</u>

As a result of the materially adverse impact of the COVID-19 pandemic, the Commission and PennDOT agreed, pursuant to Amendment Three to the Original Amended Funding Agreement, to extend the payment dates for the Commission’s July 2020 and October 2020 scheduled payments of \$112.5 million each, to January 29, 2021. The Commission ultimately paid the full \$450 million within Fiscal Year 2021, issuing Subordinate Revenue Bonds in January 2021 to fund the Fiscal Year 2021 Act 44/Act 89 obligation covering payments originally due in July 2020 and October 2020, as well as the payment due January 2021 and a portion of the April 2021 payment.

The Act 44/Act 89 Payments due to PennDOT for Fiscal Year 2022 totaled \$450 million and were paid in July 2021 with \$420 million of the net proceeds of the Commission’s 2021B Subordinate Revenue Bonds and \$30 million of current revenues. Beginning in Fiscal Year 2023 through 2057 (the term of the Amended Funding Agreement), the annual Act 44/Act 89 Payments were reduced to \$50 million, to be paid from the current revenues of the Commission. The Commission paid the entire Fiscal Year 2023 and Fiscal Year 2024 Act 44/Act 89 Payment obligations as scheduled.

The Commission’s obligation to pay the annual debt service on any Special Revenue Bonds on a timely basis continues to be part of its payment obligation under the Amended Funding Agreement.

The Enabling Acts provide that if the Secretary of the Budget notifies the Commission of a failure to make Act 44/Act 89 Payment to PennDOT under the Amended Funding Agreement, all actions of the Commission taken by a vote of the Commissioners thereafter must be approved by a unanimous vote of all Commissioners until such time as the Act 44/Act 89 Payment is made. However, a unanimous vote is not required if it would prevent the Commission from complying with covenants with “current bondholders, debt holders or creditors.” These voting procedures have never been used as the Commission has not missed any Act 44/Act 89 Payments under the Amended Funding Agreement.

The Commission is required by the terms of the Amended Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Revenue Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

The Commission believes that System revenues should enable it to satisfy its payment obligations as set forth in the Amended Funding Agreement.

Future Financing Considerations

General

The Commission may issue additional bonds and obligations under the Turnpike Senior Revenue Indenture and/or the Subordinate Revenue Indenture. In addition, the Commission may, from time to time, issue other notes and bonds payable from such sources as may be available so long as the Tolls, the Oil Franchise Tax Revenues securing the Oil Franchise Tax Revenue Bonds or the Registration Fee Revenues securing the Registration Fee Revenue Bonds are not pledged to such other notes and bonds or, if pledged, are pledged on a subordinate basis. The Commission regularly evaluates market conditions with respect to the possible refunding of its outstanding Senior Revenue Bonds, Subordinate Revenue Bonds, Special Revenue Bonds, Oil Franchise Tax Revenue Bonds and Registration Fee Revenue Bonds.

The Fiscal Year 2026 Financial Plan anticipates that between Fiscal Years 2026-2036, the estimated \$8.0 billion in net costs associated with the Fiscal Year 2026 Capital Plan will be funded with approximately \$4.2 billion on a pay-as-you-go basis, with the remaining approximately \$3.6 billion funded with proceeds from additional Senior Revenue Bonds, as well as \$228 million in funds from prior bond issuances and \$40 million from expected federal funds reimbursement. See “CAPITAL IMPROVEMENTS – Ten-Year Capital Plan” and “FINANCIAL PLAN – Fiscal Year 2026 Financial Plan” herein for more information.

The Commission may from time to time increase toll rates to meet the debt, capital and operational obligations of the Commission. The most recent toll increase took effect in January 2025. The Commission approved the January 2026 toll increase of 4% on July 1, 2025. See “CERTAIN FINANCIAL INFORMATION – Toll Schedule and Rates” above for further information.

The ability of the Commission to repay such borrowings could be adversely affected by many factors, some of which are beyond the control of the Commission. For example, economic

circumstances which result in significant declines in motor vehicle acquisition or operating cost increases could adversely affect the number of motor vehicles in use. An increase in the cost of fuel could adversely affect both the number of motor vehicles using the System and the mileage that such vehicles travel. Government regulations, such as Clean Air Act requirements, might also significantly restrict motor vehicle use and therefore diminish Tolls. See “INVESTMENT CONSIDERATIONS” in the forepart of this Official Statement.

Potential Bond Issuances and Swap Transactions

The Commission continues to evaluate financing options to achieve the lowest possible borrowing cost and these strategies may include swaps.

For several months, the Commission along with its Co-Financial Advisors and its Swap Advisor have been evaluating a proposed synthetic fixed rate refunding that would include a Swap. The proposed transaction was approved at the August 6, 2024 meeting of the Commissioners.

At the September 17, 2024 meeting of the Commissioners, the Commission also authorized the issuance of:

- fixed and/or variable rate Turnpike Senior Revenue and Revenue Refunding Bonds in an aggregate principal amount not to exceed \$600,000,000; and
- senior indenture bonds or notes, including bond anticipation notes, and subordinate indenture bonds or notes, including Subordinate Revenue Bonds, bond anticipation notes and special revenue bonds, each in one or more series or sub-series, fixed rate, multi-modal or variable rate, taxable and/or tax-exempt, in an aggregate initial principal amount not to exceed \$500,000,000.

There is no guarantee that any of the foregoing proposed transactions will be executed.

CERTAIN OTHER INFORMATION

General Reserve Fund; Supplemental Capital Fund

After first having made requisite deposits under the Turnpike Senior Revenue Indenture, the Turnpike Senior Revenue Indenture Trustee is required to transfer from the Revenue Fund to the credit of the General Reserve Fund such funds which are determined to be in excess of the amount required to be reserved therein for future transfers to the Debt Service Fund. Moneys in the General Reserve Fund may be expended by the Commission to restore deficiencies in any funds or accounts created under the Turnpike Senior Revenue Indenture, and absent any such deficiency, for any of the following purposes, with no one item having priority over any of the others:

- a. to purchase or redeem Turnpike Senior Revenue Bonds;
- b. to secure and pay the principal or redemption price of, and interest on, any Subordinated Indebtedness;
- c. to make payments into the Construction Fund;

- d. to fund improvements, extensions, and replacements of the System; or
- e. to further any corporate purpose.

Under the Turnpike Subordinate Revenue Indenture, the Commission has agreed that it will at all times establish and maintain Tolls for traffic over the System so that the amount paid into the General Reserve Fund in each Fiscal Year after deducting any liquidity reserve or other required holdback or deposit then in effect will be at least sufficient to provide funds in an amount not less than (i) 115% of the annual debt service on Subordinate Revenue Bonds (and obligations on parity with Subordinate Revenue Bonds), plus (ii) 100% of the annual debt service on Special Revenue Bonds (and obligations on a parity with Special Revenue Bonds and certain further subordinated bonds), plus (iii) any amount required under the Turnpike Subordinate Revenue Indenture to restore within eighteen (18) months any deficiency in the debt service reserve fund held under the Turnpike Subordinate Revenue Indenture. Failure to meet this covenant will not constitute a default under the Turnpike Subordinate Revenue Indenture (or the Turnpike Senior Revenue Indenture) but will require the Commission to retain a consultant to advise with respect to schedules of Tolls in order to bring the Commission into compliance. The Trustee has never withdrawn funds from the General Reserve Fund to meet regularly scheduled debt service payments on Turnpike Senior Revenue Bonds outstanding under the Turnpike Senior Revenue Indenture nor has the General Reserve Fund been used to restore any shortfalls in the Debt Service Reserve Fund for any Turnpike Senior Revenue Bonds.

The following chart sets forth the balances held in the General Reserve Fund as of the fiscal year end dates set forth below.

General Reserve Fund Balances
as of May 31

<u>2025⁽¹⁾</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$452,942,958	\$441,159,085	\$386,315,789	\$437,513,657	\$452,045,842

⁽¹⁾ Preliminary, unaudited.

As of May 31, 2024, the Commission had approximately \$441.2 million on deposit in the General Reserve Fund. This amount was approximately 14.2% greater than the General Reserve Fund’s Fiscal Year 2023 ending balance. The Commission’s unaudited General Reserve Fund ending balance for Fiscal 2025 was \$452.9 million, which is \$20.6 million or 4.8% higher than the amount projected in the Fiscal 2025 Financial Plan.

The balance in the General Reserve Fund can vary substantially, both month to month and year to year, due not only to variations in revenues, but also to the timing of expenditures, particularly capital expenditures, any transfers which may be made to the Supplemental Capital Fund for funding Additional Capital Projects (as defined herein), the Commission’s equity contribution toward its Act 44/Act 89 Payment obligations and the Commission’s deposit to the Pennsylvania Turnpike Commission Retiree Medical Trust. See “CERTAIN OTHER INFORMATION – Other Post-Employment Benefit Liabilities” herein. During Fiscal Years 2012 to 2024, the Commission utilized \$1,327.0 million in General Reserve Fund balances to: (a) fund a portion of its Act 44/Act 89 Payment obligations in the amount of \$570.0 million; (b) make contributions to the Retiree Medical Trust of

\$167.4 million in excess of its annual required contribution; (c) redeem a portion of its Floating Rate Notes issued under the Turnpike Senior Revenue Indenture at maturity on December 1, 2017 (\$100 million) and December 1, 2018 (\$50 million); (d) contribute \$234.6 million to cash defease a portion of its outstanding Senior and Subordinate Revenue Bonds; and (e) contribute \$205.0 million to the Supplemental Capital Fund.

Pursuant to Supplemental Indenture No. 59, dated as of June 2, 2021, the Commission established a Supplemental Capital Fund (the “*Supplemental Capital Fund*”) under the Turnpike Senior Revenue Indenture for deposit and disbursement of certain of the Commission’s generally available Revenues for improvements, extensions and replacements to the System, or otherwise for any Project which may be identified by the Commission, and not otherwise funded, as set forth in the Commission’s capital plans (collectively, the “*Additional Capital Projects*”). The Supplemental Capital Fund is pledged as part of the Trust Estate under the Turnpike Senior Revenue Indenture and is funded solely from such amounts as the Commission, in its sole and absolute discretion, may transfer to it from the General Reserve Fund. Proceeds of Bonds, other Parity Obligations and Subordinated Indebtedness will not be deposited in the Supplemental Capital Fund. Funds may not be requisitioned from the Supplemental Capital Fund for Additional Capital Projects if a deficiency exists in any of the funds and accounts established under Turnpike Senior Revenue Indenture. Notwithstanding any other provision of the Turnpike Senior Revenue Indenture or the occurrence or continuation of any event or circumstance, monies on deposit in the Supplemental Capital Fund: (i) will be transferred to the General Reserve Fund to the extent not needed to fund such Additional Capital Projects; and (ii) may be transferred to the General Reserve Fund, in such amounts, and from time to time, as the Commission, in its sole and absolute discretion, shall determine. The Commission had approximately \$20 million on deposit in the Supplemental Capital Fund as of May 31, 2024 and \$98.3 million as of May 31, 2025.

Budget Process

The Commission’s Finance and Administration Department develops preliminary budget information for all Commission departments. This information is provided to each of the respective departments for their review and to enable them to make any proposed revisions for their budget requests. The information is then returned to the Finance and Administration Department and a Commission wide preliminary budget is prepared. This budget is reviewed by senior management and, in cooperation with the respective departments, revisions are made when necessary to conform to the annual Financial Plan. The final recommended budget is then presented to the Board of Commissioners for formal approval.

The Commission also annually prepares its annual Financial Plan as required under Act 44. See “FINANCIAL PLAN” herein.

Financial Policies and Guidelines

The Commission’s Investment Policy and Guidelines, adopted on June 6, 1997, and amended from time to time thereafter (the “*Investment Policy*”), sets forth the purpose, objectives and investment guidelines for eligible securities for the investment of financial assets of the Commission. Eligible securities include those that are consistent with the Turnpike Senior Revenue Indenture. For a discussion of the Commission’s concentration of credit risk to particular issuers, see Note 4 to the Financial Statements.

The Investment Policy provides that appropriate benchmarks shall be developed for the various funds invested by the Commission and that the returns of the Commission's individual portfolio segments are to be compared to such benchmarks. Pursuant to the Investment Policy, the Commission's Investment Policy Committee must prepare an investment report for the Commissioners on a quarterly basis, including a management summary that provides a clear picture of the status of the current investment portfolio and transactions made over the latest reporting period. The report is to include investment performance and demonstrate conformity with the Investment Policy.

The Commission adopted three additional financial policies on April 20, 2004: a Liquidity Standard Policy; a Debt Management Policy; and an Interest Rate Swap Management Policy (the "**Swap Policy**"). These financial management policies were developed in recognition of the increasing financial sophistication of the Commission with respect to its debt structure and to provide guidance governing the issuance, management, ongoing evaluation and reporting of all debt obligations.

The Liquidity Standard Policy requires that the Commission maintain sufficient year-end fund balances to ensure levels of uncommitted reserves necessary to secure and protect its long-term debt and other financial obligations. Under this policy, the Commission budgets and maintains cumulative fund balances, including balances in the Reserve Maintenance Fund and the General Reserve Fund, equal to the greater of maximum annual debt service on those bonds not secured by a debt service reserve fund or 10% of annual budgeted revenues.

The Debt Management Policy establishes parameters and provides guidance governing the issuance and management of Commission debt. It addresses such issues as usage of unhedged variable rate debt, rate covenants and limitations on additional bonds and disclosure. Notwithstanding the rate covenants in the Turnpike Senior Revenue Indenture (as hereinafter defined), the Commission's Debt Management Policy requires the Commission's management to maintain 2.0x debt service coverage on the Turnpike Senior Revenue Bonds, 1.3x debt service coverage on the Subordinate Revenue Bonds and 1.2x debt service coverage on the Special Revenue Bonds.

The Commission's Swap Policy establishes guidelines for the use and management of all interest rate management agreements, including, but not limited to, interest rate swaps, swaptions, caps, collars and floors (collectively, "**Swaps**") incurred in connection with the incurrence of debt. The Commission's Swap Policy was amended in October 2018 to reflect current regulations and best practices in the derivatives industry, particularly with respect to the selection requirements and ongoing monitoring related to swap advisors.

The Swap Policy authorizes the Commission to use Swaps to hedge interest rate movement, basis risk and other risks, to lock in a fixed rate or, alternatively, to create synthetic variable rate debt. Swaps may also be used to produce interest rate savings, limit or hedge variable rate payments, alter the pattern of debt service payments, manage exposure to changing market conditions in advance of anticipated bond issues (through the use of anticipatory hedging instruments) or for asset/liability matching purposes.

At least annually, the Commission, in consultation with the Commission's Swap Advisor and legal counsel, must evaluate the risks associated with outstanding Swaps and provide to the senior executives and the Commissioners a written report of the findings based upon criteria set forth in the Swap Policy.

The Commission has also adopted additional financial policies related to post issuance compliance procedures and continuing disclosure.

The Tax-Exempt Debt, Build America Bonds and Other Tax-Advantaged Debt Post- Issuance Compliance Policies and Procedures (the “*Post Issuance Compliance Policy*”) became effective on December 21, 2011, and implemented various policies and procedures to ensure that the Commission complies with all applicable federal tax rules related to its tax-exempt debt, Build America Bonds and other tax-advantaged debt issuances. Among other items, the policy requires compliance with all applicable federal tax documentation and filing requirements, yield restriction limitations, arbitrage rebate requirements, use of proceeds and financed projects limitations and recordkeeping requirements.

The Continuing Disclosure Policy was adopted by the Commission on February 2, 2016, and applies to all publicly offered Commission municipal securities that are subject to federal securities laws and/or continuing disclosure agreements. The policy requires the Commission to comply with all applicable securities laws, satisfy in a timely manner all contractual obligations undertaken pursuant to continuing disclosure agreements or otherwise, and to adhere to best practices for disclosure. The policy also requires the development, establishment and implementation of written procedures necessary to implement the Continuing Disclosure Policy, identifies key Commission participants responsible for disclosure, defines the role of Commission Disclosure Counsel and addresses training and document retention related to disclosure obligations.

Copies of the Commission’s Investment Policy, Liquidity Standard Policy, Debt Management Policy, Swap Policy, Post Issuance Compliance Policy and Continuing Disclosure Policy can be found on the Commission’s website at: <https://www.paturnpike.com/about-us/policies-standards/policy-letters>.¹³

The policies of the Commission described above may be revised or amended at any time at the discretion of the Commission.

Personnel and Labor Relations

As of August 1, 2025, the Pennsylvania Turnpike Commission employed a total of 1,407 persons, consisting of 499 management and supervisory union employees and 908 full-time non-supervisory union employees. Fifty four percent (54.1%) of all employees are engaged in maintenance operations across 23 maintenance sections. The Commission currently employs 1,143 or 44.8% fewer employees than it did at the peak employment year of 2002.

The Commission has three Labor Agreements and one Memorandum of Understanding (MOU) with the Teamsters. The Local 77 and 250 Field Agreement and the Local 77 Central Office Agreement are effective from December 5, 2023, to September 30, 2027. The Local 30 Non-Supervisory Professional Agreement is effective October 1, 2023, to September 30, 2027. The Local 30 Supervisory MOU is in place and is negotiated as needed.

¹³ The information contained on such website link is not incorporated by reference in this Appendix A.

Retirement Plan

The State Employee's Retirement System of the Commonwealth ("**SERS**") is one of the nation's oldest and largest statewide retirement plans for public employees. SERS administers both a defined benefit plan and a defined contribution plan. The defined benefit plan is funded through a combination of employee contributions, employer contributions and investment earnings. The defined contribution plan (Commonwealth of Pennsylvania Deferred Compensation Program) is funded by voluntary employee contributions and investment earnings.

Substantially all employees of the Commission are covered by SERS. The costs of the defined benefit plan are paid by the Commission quarterly based upon a stipulated contribution rate. Participating agency contributions, including those for the Commission, are mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to SERS members.

Article II of the Pennsylvania Constitution provides the General Assembly with the authority to establish or amend benefit provisions. Act 2001-9, signed into law on May 17, 2001, established Class AA ("**Class AA**") membership whereby, generally, annual full retirement benefits for electing active members is 2.5% of the member's highest three-year average salary (final average salary) multiplied by years of service. Commission employees hired after June 30, 2001, but before January 1, 2011, are Class AA members. Members hired on or before June 30, 2001, had the option, but were not required, to elect Class AA membership.

Those members not electing Class AA membership are considered Class A ("**Class A**"). The general annual benefit for full retirement for Class A members is 2% of the member's final average salary multiplied by years of service. Retirement benefits for Class A and AA employees vest after 5 years of credited service. Class A and AA employees who retire at age 60 with three years of service or with 35 years of service if under age 60 are entitled to an unreduced annual retirement benefit.

On July 6, 2010, Pennsylvania Act 2010-46 was enacted which reduced the employer contribution rates for Fiscal Year 2010-2011, thus reducing the Commission's contribution rates for Fiscal Year 2010-2011 from 3.80% for Class A employees and 4.75% for Class AA employees to 3.29% for Class A employees and 4.11% for Class AA employees. This rate reduction was only for one year.

On November 23, 2010, Pennsylvania Act 120 of 2010 ("**Act 120**") was enacted. Under this legislation, effective January 1, 2011, benefit reductions are mandated for future SERS members; however, benefits for current members are preserved. New employees are subject to a higher contribution rate, an increase in the vesting period from five to ten years, elimination of lump-sum withdrawals, and an increase to the normal retirement age to obtain full, unreduced pension benefits. Rather than the current full benefit provision of 35 years of credited service, new employees' age and combined years of service must equal 92, including a minimum of 35 years of credited service, before they may receive full benefits. Act 120 established Class A-3 and Class A-4 memberships. Effective January 1, 2011, all new members to the System must elect one of these new membership classes. New members who elect Class A-3 will accrue benefits at 2% of their final average salary multiplied by years of service. Those members choosing Class A-4 will accrue benefits at 2.5% of their final average salary multiplied by years of service. Under Act 120, retirement benefits for Class A-3 and

A-4 vest after 10 years of credited service. Class A-3 and A-4 members who retire at age 65 with three years of service or when the member's age (last birthday) plus their completed years of credit service total at least 92 (Rule of 92) are entitled to an unreduced annual retirement benefit. Members hired prior to January 1, 2011, retain their current full benefit provision of 35 years of credited service.

On June 12, 2017, Governor Wolf signed Act 5 of 2017 ("*Act 5*") into law that fundamentally changed retirement options for most new Commission employees beginning January 1, 2019. Act 5 allowed current Commission employees/SERS members to opt-in to one of the three new options between January 1, 2019, and March 31, 2019.

Among other changes, Act 5 creates three new classes of service which include: two new hybrid defined benefit/defined contribution tiers ("*A-5*" and "*A-6*"); and a straight defined contribution plan ("*DC*") for SERS. The new classes of service apply to all Commission employees who first become SERS members on or after January 1, 2019. Benefit reductions and increased retirement ages are mandated for future SERS members. Beginning January 1, 2019, new A-5 employees will annually accrue benefits at a rate of 1.25% and A-6 employees will annually accrue benefits at a rate of 1.0%. A-5, A-6 and DC employees will be subject to different employee contribution rates for the defined benefit and defined contribution plans and the vesting period for the defined benefit portion will be ten years while the defined contribution portion vests after three years. Additionally, Act 5 increases the normal retirement age to obtain full, unreduced defined benefit pension benefits for new A-5 and A-6 employees to age 67 and it requires 35 years of service and utilizes the "Rule of 97" (i.e., years of service plus age equal or exceed 97). The final average salary used to calculate defined benefits will be the employee's five highest salary years. Employer contribution rates for the defined contribution plan for A-5, A-6 and 401(a)DC employees will be 2.25%, 2.0% and 3.5%, respectively.

Act 5 does not affect current Commission retirees' pension benefits, nor does it reduce benefits for Commission employees hired before January 1, 2019. Act 5 also provides special benefit enhancements for current A-3 and A-4 Commission employees who will be allowed to take certain lump sum withdrawals upon retirement. Additionally, A-3 and A-4 employee pension contribution rates will go down when SERS investment returns exceed return targets. This provision balances the current downside risk-sharing required of A-3 and A-4 members as required by Act 120.

For more information on SERS, including Act 120 and Act 5, see the SERS website at <https://sers.pa.gov/Newsroom.html>¹⁴, <https://www.sers.pa.gov/about-legislation.html>¹⁵, and the disclosure under the heading "Other State Related Obligations – Pensions and Retirement" in Exhibit B attached to the Official Statement for the Commonwealth's General Obligation Bonds, First Series of 2023, dated December 6, 2023, which may be found at the EMMA website at <https://emma.msrb.org/P11619029-P11248114-P11672409.pdf>.¹⁶ **See also Note 9 to the Commission's Financial Statements and related Required Supplementary Information for more information on the Commission's pension liabilities.**

Covered Class A, Class AA, Class A-3, A-4, A-5, A-6 and 401(a)DC employees are required by statute to contribute to SERS at a rate of 5.00%, 6.25%, 6.25%, 9.30%, 8.25%, 7.5% and 7.5%,

¹⁴ The information contained on such website link is not incorporated by reference in this Appendix A.

¹⁵ The information contained on such website link is not incorporated by reference in this Appendix A.

¹⁶ The information contained on such website link is not incorporated by reference in this Appendix A.

respectively, of their gross pay. Employees' contributions are recorded in individually identified accounts, which are also credited with interest, calculated quarterly to yield 4.00% per annum, as mandated by statute. Accumulated employee contributions and credited interest vest immediately and are returned to the employee upon termination of service if the employee is not eligible for other benefits.

Participating agency contributions, including those for the Commission, are also mandated by statute and are based upon an actuarially determined percentage of gross pay that is necessary to provide SERS with assets sufficient to meet the benefits to be paid to SERS members. The Commission's total required retirement contribution (for both defined benefit and defined contribution), as a percentage of covered payroll, by class for the most recent five (5) Fiscal Years of the Commonwealth, is as follows:

**Year Ended June 30
(Commonwealth's**

<u>Fiscal Year</u>	<u>Class A</u>	<u>Class AA</u>	<u>Class A-3</u>	<u>Class A-4</u>	<u>Class A-5</u>	<u>Class A-6</u>	<u>401(a)DC</u>
2025	31.74%	40.33%	27.09%	27.09%	19.09%	19.09%	19.04%
2024	32.24	41.09	27.60	27.60	19.65	19.65	19.60
2023	30.44	38.82	26.05	26.05	18.43	18.43	18.37
2022	29.98	37.46	25.90	25.90	19.93	19.93	19.88
2021	29.48	36.84	25.47	25.47	19.59	19.59	19.56

The Commission's required contributions and percentage contributed for most recent five (5) Fiscal Years of the Commission are as follows:

<u>Year Ended May 31</u>	<u>Commission Required Contribution (in millions)</u>	<u>Percent (%) Contributed</u>
2025*	\$35.9	100
2024	35.2	100
2023	32.9	100
2022	31.4	100
2021	31.7	100

*Preliminary / unaudited

The Commission has budgeted \$39.6 million for pension expense for Fiscal Year 2025. The SERS required contributions are expected to be approximately \$39.3 million. The Commission's higher budgeted amount for pension expense is calculated on an accrual basis, while the SERS required contribution amount is calculated based on budget estimates for salaries, employee pension classes, and approved SERS employer contribution rates.

A copy of SERS's annual financial statements may be obtained by writing to: State Employees' Retirement System, 30 North Third Street, P.O. Box 1147, Harrisburg, Pennsylvania, 17108-1147. Additional information about SERS, including its Comprehensive Annual Financial Reports and actuarial valuation reports, are available at <http://www.sers.pa.gov>.¹⁷

¹⁷ The information contained on such website link is not incorporated by reference in this Appendix A.

Act 120 also imposes limits referred to as “collars” on annual increases to employer contribution rates (i.e., the employer contribution rate for a particular year may not exceed the sum which results from adding the collar applicable for such year to the prior year’s contribution rate). The collar for Commonwealth Fiscal Year 2015-2016 was 4.5% and no longer applies effective July 1, 2017.

At Fiscal Year ended May 31, 2024, the Commission reported a liability of \$296.6 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. See Note 9 to the Commission’s Financial Statements for additional information on how such pension liability was calculated.

Other Post-Employment Benefit Liabilities

The Commission maintains another postemployment welfare plan program (the “*Plan*”) for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The Plan’s financial statements are not included in the financial statements of the public employee retirement system. The Plan issues a stand-alone financial report, which can be obtained by contacting the Commission’s Accounting and Financial Reporting Department.

The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the “*Trust*”) on May 30, 2008, as an irrevocable trust, tax-exempt under the Internal Revenue Code, to provide funding for the Plan. The Trust is administered by five trustees appointed by the Commission, who each serve two-year terms. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. PNC Bank, N.A. serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

Management and Supervisory Union Employees/Retirees. The benefits funded by the Trust include certain post-employment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their date of hire and years of service. Eligibility categories generally include:

- Employees hired before March 1, 2016, who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The last five years of service must be with the Commission.
- Employees hired on or after March 1, 2016, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last ten years of service must be with the Commission. (Some current and previous Commonwealth employees hired on or after this date would be grandfathered under the first eligibility category.)

The same coverage is provided to surviving spouses and dependents of management and supervisory union retirees who retired on or after March 1, 2001. Surviving spouses of retirees who

retired prior to March 1, 2001, may purchase medical coverage at the group rate and dependents are offered coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA). Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled.

Non-Supervisory Union Employees/Retirees. The Benefits also include certain post-employment medical and prescription drug benefits to non-supervisory union employees who have satisfied the eligibility requirements in the applicable collective bargaining agreement.

- For Local 30 Professionals who were hired prior to January 1, 2011, and Local 250 and 77 employees who were hired prior to January 27, 2016, the earlier of completion of 20 years of credited service or the later of attainment of age 60 and completion of 10 years of credited service. The last 5 years of credited service must be with the Commission.
- For Local 30 Professionals who were hired on or after January 1, 2011, and Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of credited service or the later of attainment of age 60 and completion of 25 years of credited service. The last 10 years of credited service must be with the Commission.

The same coverage is provided to spouses and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses are required to contribute the full cost of coverage and dependents are offered coverage under COBRA.

In accordance with the pronouncements of the Governmental Accounting Standards Board (“*GASB*”), the Commission implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions during Fiscal Year 2008. GASB Statement No. 45 was superseded by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. The Commission adopted Statement No. 75 for its Fiscal Year ended May 31, 2019.

The Commission’s Net OPEB asset was \$173.5 million as of May 31, 2024. This asset was determined by an actuarial valuation as of May 31, 2023. Based on this valuation, the Plan’s total OPEB liability was \$386.2 million; the Plan’s Fiduciary Net Position was \$559.7 million resulting in a 145% funded status (Plan fiduciary net position as a percent of total OPEB liability) at the measurement date.

The Commission’s preliminary / unaudited Net OPEB asset was \$202.7 million as of May 31, 2025. This asset was determined by an actuarial valuation as of May 31, 2024. Based on this valuation, the Plan’s total OPEB liability was \$394.4 million; the Plan’s Fiduciary Net Position was \$597.1 million resulting in a 151% funded status (Plan fiduciary net position as a percent of total OPEB liability) at the measurement date.

The Commission began making contributions to the Trust in Fiscal Year 2008 and adopted a Retiree Medical Trust Funding Policy, effective September 17, 2008. The Policy was revised on April, 4, 2023. In accordance with the Funding Policy, the Commission anticipates approving an annual operating budget that includes an annual contribution to the Trust. The Commission may take into consideration the following factors when establishing the OPEB contribution amount included in the annual operating budget: funded status of the Trust, estimated actuarially determined contribution (“*ADC*”), estimated service cost, current market conditions, OPEB expense projections, projected cash balances, and other pertinent factors.

The ADC for Fiscal Year 2024 and 2023 was \$0 due to the funded status of the Plan. The Commission’s OPEB contributions were \$13.4 million and \$14.7 million for Fiscal Years ended May 31, 2024 and 2023, respectively. The contributions were to cover the current year OPEB service costs and to help maintain the 100+% funded status. The ADC for Fiscal Year 2025 was \$0 and the Commission’s preliminary / unaudited contributions were \$9.0 million.

The Plan’s financial statements are not included in the financial statements of the Commission. For additional information regarding the Benefits and the Plan, including funding status and actuarial methods and assumptions, see Note 12 to the Commission’s Financial Statements.

Insurance

The Commission maintains All-Risk Property, Builder’s Risk, Unmanned Aircraft Systems, Public Official bonds, Cybersecurity, Crime and Fiduciary insurance coverage and is self-insured for Workers’ Compensation, Auto Liability, and General Liability claims.

For capital projects, the Commission maintains Builders’ Risk insurance that covers buildings and structures, including temporary structures, while being constructed, erected or fabricated on Commission property. This insurance provides coverage against risk of physical damage and/or loss (subject to policy exclusions) to all buildings and structures during construction. Upon completion, a project is then covered under an All-Risk insurance policy that has a \$200 million per occurrence policy limit. See “CAPITAL IMPROVEMENTS – Condition of Turnpike System – *Structures; Status of Delaware River Bridge*” herein.

Deductibles range in amount depending on the line of coverage and the nature of the claim. For bridges, tunnels, overpasses, underpasses and viaducts, the deductible is \$5 million. For buildings (including contents), toll plazas and equipment, warehouses and similar facilities, the deductible is \$1 million. The Commission’s All Risk Insurance policy also includes loss of income coverage subject to a seven-day waiting period.

Certain pre-specified construction projects are insured under an “Owner Controlled Insurance Program” until completion. Under these programs, the Commission, contractors and subcontractors are insured for Workers’ Compensation, General Liability, Builder’s Risk and other project-specific insurance with limits and large deductibles varying by project.

Performance Audit by the Auditor General

The Enabling Acts require the Auditor General of the Commonwealth to conduct an audit of the accounts of the Commission and to review its performance, procedures, operating budget, capital budget and debt every two years. The Act of October 23, 1988, P. L. 1059, No. 122 (“*Act 122*”) also requires the Auditor General to conduct a financial audit and a compliance audit of the Commission every four years.

On September 7, 2022, Auditor General Timothy L. DeFoor issued a final report presenting the results of the statutorily required performance audits of the Commission under Act 44 and Act 122 (the “*September 2022 Performance Audit*”).

The performance portion of the audit covered the period from June 1, 2018, to June 13, 2022. The Auditor General’s office did not conduct its own financial audit but reviewed audits and supporting documentation of the independent firm that audits the Commission’s financial statements annually, including working papers for the Fiscal Years ended May 31, 2018, through and including 2021.

The performance audit had three objectives: (1) to determine if the Commission’s revenue collections are meeting projected toll revenue expectations in order to meet its payment obligations and planned capital improvement projects; (2) evaluate the Commission’s processes for collecting tolls, including but not limited to E-ZPass and TBP, determine both the amount of tolls collected and the amount not collected, and examine possible enforcement mechanisms for uncollected tolls; and (3) evaluate the Commission’s vendor contracts and its related policies pertaining to customer service at rest areas for provisions regarding prohibiting racial discrimination and sexual harassment.

The September 2022 Performance Audit presented three findings and 23 recommendations with 21 directed to the Commission and two to the Pennsylvania General Assembly. The three Findings are as follows:

Finding 1. The Commission continues to face significant challenges to raise toll revenue in order to make future toll Act 44/Act 89 Payments to PennDOT under the current Act 44/Act 89 financial structure, its associated debt payments, and expenditures for capital projects.

Finding 2. Uncollected tolls have continued to increase and therefore, the Commission must continue to seek new ways to collect tolls due from both in and out-of-state travelers.

Finding 3. The anti-discrimination language in the Commission’s contracts for amenities provided to its customers at service plazas is outdated and lacking content.

With respect to Finding 1, the September 2022 Performance Audit recommended that the Commission ensure traffic projections are conservative and realistic; evaluate and scrutinize revenue sources and operating expenses to find ways to increase revenues while reducing costs; evaluate ways to increase passenger car and commercial use of the Turnpike; continue to analyze and manage its debt; and pursue opportunities to collaborate with other state agencies.

Also, with respect to Finding 1, the September 2022 Performance Audit recommended that the Pennsylvania General Assembly immediately re-evaluate Acts 44 and 89 and consider drafting

and enacting new legislation to help ensure the current debt burden placed on the Commission is considerably mitigated for the continued viability of the Commission and the toll road system in Pennsylvania. The Auditor General also recommended that the General Assembly refrain from increasing the \$50 million annual Act 44/Act 89 Payment scheduled to begin during the Fiscal Year ending May 31, 2023, and further consider removing the Commission’s requirement to pay PennDOT \$50 million each year through 2057. See “COMMISSION INDEBTEDNESS AND OTHER OBLIGATIONS – Other Obligations” herein for more information.

With respect to Finding 2, the September 2022 Performance Audit provided eleven recommendations focused on the Commission continuing to research and offer additional payment options, and working with the Pennsylvania State Police, the General Assembly, PennDOT, other states, and collection agencies to increase administrative and operational tools for improving toll collection enforcement.

With respect to Finding 3, the September 2022 Performance Audit provided five recommendations for amending and administering its contracts, which included, among other things, amending contracts to include current and appropriate anti-discrimination language; establishing policies or procedures to monitor lessees’ compliance with non-discrimination provisions; and considering requiring lessees that provide customer service at service plazas to post signage with a customer complaint number.

The September 2022 Performance Audit also reiterated a finding from prior performance audits (2013 and 2016) concerning Commission employees being permitted to ride the Turnpike toll-free, even for personal travel. While the Commission did implement techniques for monitoring usage and identifying potential misuse, the Auditor General recommended that the Commission reconsider its decision to not rescind previously implemented policies that provide for toll-free employee travel.

The full text of the Department of Auditor General’s final report and the Commission’s response may be found on the Auditor General’s website at: <https://www.paauditor.gov/Media/Default/Reports/Pennsylvania%20Turnpike%20Commission%20-%20Audit%20Period%20June%202018%20to%20June%202022.pdf>.¹⁸

Commission Compliance

The Commission’s activities regarding compliance are centered in the various offices such as: Internal Audit Services, Advisory Services, Legal, Finance/Professional Services Procurement and Diversity & Inclusion (“**D&I**”). The Commission’s Legal Department provides the Code of Conduct trainings, and the Commission’s D&I unit with Finance/Professional Services Procurement unit work together to provide the Business Conduct Guidelines trainings to all Commission employees, construction contractors, and vendors, consultants and other business partners in the construction services sector, and develop and manage a comprehensive audit program that examines and promotes the adequacy and effectiveness of the Commission’s internal control systems.

Labor Relations Investigative Unit

The Labor Relations Investigative Unit (“**LRIU**”), formerly the Office of Special Investigations, conducts numerous investigations of fraud, waste, abuse and misconduct. Among

¹⁸ The information contained on such website link is not incorporated by reference in this Appendix A.

other things, LRIU's responsibilities include processing grievances, reviewing disciplinary action requests, and developing and coordinating the contract administration of the Commission's three collective bargaining agreements and one memorandum of understanding.

Governance and Operational Factors

The following information contained in this section describes certain elements of the Commission's operations. The information under this subheading is not exhaustive and should be evaluated considering the entirety of the information regarding the Commission, the System, and the Commission's finances and operations set forth in this Appendix A and the forepart of this Official Statement. For information regarding the Commission's long term and strategic planning regarding sustainability and capital and asset management see "THE COMMISSION – Long Term and Strategic Planning" above.

Stormwater Mitigation. The Turnpike System consists of over 2,400 lane miles of roadways throughout the Commonwealth which either directly or indirectly discharge stormwater runoff. For decades, the Commission has taken numerous steps to better control stormwater runoff as well as to limit impurities in runoff across the System. In 2020, the Commission, developed its current Stormwater Asset Management Program to provide a centralized, common operating platform to support infrastructure inspection and evaluation, work order development and tracking, and reporting for all Commission-owned stormwater assets and features. The Commission installs and maintains Stormwater Control Measures ("*SCMs*") to control stormwater runoff from the System and the Commission's supporting facilities. These SCMs are engineered structures or devices designed to slow down, hold, infiltrate, and/or treat stormwater runoff before it enters waterbodies and groundwater.

The Commission's efforts to reduce pollutants in stormwater during construction activities is achieved through its erosion and sedimentation control measures, and in a perpetual manner through post-construction stormwater management. To mitigate the impacts of sediment entering waterways during construction, erosion and sedimentation best management practices are implemented and maintained throughout the course of construction until the vegetative cover is restored, and erosion potentials have diminished. Through its post-construction storm management measures, the Commission develops and implements plans for mitigating increased stormwater runoff from impervious surfaces.

The Commission also meets regularly with executives of both DEP and PennDOT to discuss issues, define direction and explore future collaborative initiatives.

Extreme Weather and Climate Resiliency Report. In July 2022, the Commission released the Extreme Weather and Climate Resiliency Report which reflected a comprehensive assessment of the Commission's internal planning, operations, best management practices related to extreme weather events such as flooding, blizzards, hurricanes, and heatwaves, and opportunities to further improve preparedness and responsiveness to create a more resilient System. The assessment concluded that the Commission is prepared for extreme weather events based on its efforts to improve agency coordination and planning for extreme weather events, and implementation of effective strategies and technology solutions.

Electric and Alternative Fuel Vehicles. Since 2005, the Commission has been involved in various efforts to support and deploy clean and environmentally friendly vehicles. The Commission obtained propane powered vehicles for every maintenance shed and provided each maintenance shed with a propane vehicle fueling station.

The Commission currently has an agreement with Blink Charging, Co., to provide electric vehicle charging stations at the following service plazas: New Stanton, Oakmont, King of Prussia, Bowmansville and Peter J. Camiel. Additionally, through Applegreen's partnership with Tesla, 48 Tesla superchargers were installed at six service plazas: North Somerset, South Somerset, Peter J. Camiel, Bowmansville, North Hickory Run and South Hickory Run.

The Commission has entered into an agreement with Applegreen Electric for the deployment of an additional 80 DC fast chargers across the System. In September 2023, PennDOT announced the award of the Commonwealth's first round of funding through the FHWA's National Electric Vehicle Infrastructure program, which includes an award to Applegreen Electric to fund a portion of the new fast charging stations.

The Commission remains actively engaged in efforts to provide additional EV charging opportunities across the entire System.

The Commission is also focused on decreasing greenhouse gas emissions from the Commission's fleet of vehicles. This has been accomplished through the introduction of federally mandated emissions on dump trucks including exhaust gas recirculation, and diesel exhaust fluids. To decrease idle time emissions, dump trucks were upfitted with idle free systems to keep the cab and certain components warm to prevent long idle times. The Commission previously piloted two different compressed natural gas vehicles within its fleet, with limited success. The Commission plans to incorporate an electric vehicle pilot program for a portion of the Commission's passenger car fleet.

Renewable Energy. Further to its sustainability efforts, the Commission has designed and constructed a microgrid at its Greensburg maintenance shed which is expected to eliminate both energy and demand charges for electricity at the facility. This project combines natural gas and solar array to supply all power needs to the facility and any excess power will go back to the grid; generating additional revenue for the Commission. The project became operational in January 2023. The Commission is designing and will construct additional microgrids and solar projects at various facilities.

Green and Automated Buildings. The Commission works to ensure that each of its new buildings is designed using LEED certification, with the Commission's Central Administration Building being the first large building project incorporating LEED principles. Five of the Commission's facilities hold either a silver or gold LEED certification. The Commission's use of LEED projects is intended to maximize the use of locally sourced sustainable materials and provide the most environmentally friendly and energy efficient heating ventilation and air conditioning ("HVAC") systems possible. Other elements of LEED design leveraged by the Commission include daylighting, rainwater collection and reuse for toilet water and truck washing water, waterless urinals, and the most efficient LEED lighting systems with sophisticated controls that automatically dim the lights when bright sunlight is available and turn the lights off when the space is unoccupied.

The Commission also utilizes Building Automation Systems (“*BAS*”) as a remote monitoring and early problem warning system. *BAS* monitoring is tailored and includes HVAC, water, lighting, commercial power and emergency generator operation, and serves as the first line of defense against leaks and malfunctioning equipment. *BAS* also aides in the reduction of energy by scheduling hours of use and maintaining temperature ranges throughout the facility.

PTC Impact Council. The council is a voluntary, employee-led resource group made up of individuals employees from various departments across the Commission. The *PTC Impact Council* collaborates to review practices, policies, and procedures to ensure that they do not contribute to inequities and is committed to promoting a more collaborative and inclusive environment within the Commission.

Cybersecurity. The Commission and many of its vendors and contractors are dependent on information and computing technology to conduct general business operations, including toll transactions, toll collections, and customer account services. While to date the Commission has not experienced a materially disruptive cybersecurity threat, computer hacking, cyber-attacks or other malicious activities directed at the Commission’s information systems or those of its vendors or contractors, could disrupt Commission services or cause physical or financial harm to the Commission, in the future. Further, cybersecurity breaches such as leakage or loss of confidential or proprietary data and failure or disruption of information technology systems could materially and adversely affect the Commission’s reputation, which could lead to significant outlays and decreased performance that insurance may not cover.

The Commission has a robust cybersecurity framework that leverages multiple layers of protection including edge and internal firewalls, an intrusion prevention system, security incident and event management, multi-layered anti-virus, malware protection and spam filters. The Commission performs regular security patching and regular internal and external vulnerability scans. Periodic security assessment and penetration testing is performed regularly by qualified third parties.

The Commission has purchased and implemented cybersecurity awareness training and simulated phishing attacks, and has published third-party security requirements that define general security requirements, requirements for vendors providing hosting cloud-based systems, and requirements for vendors providing on-premises systems or devices physically connected to the Commission’s networks. All Commission employees are required to complete annual information technology security training and phishing simulation campaigns are performed regularly. Additionally, the Commission has purchased cyber insurance which also provides immediate access to third party forensic investigation experts to assist the Commission with any data or system breaches.

Although the Commission devotes significant resources to maintain and regularly upgrade its systems and processes that are designed to protect the security of its computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to customers, there is no assurance that all these security measures will provide absolute security or prevent the risk of the Commission’s finances or operations being negatively impacted by a cybersecurity threat directed at one of the Commission’s vendors or contractors. These risks may increase in the future as the Commission continues to utilize AET, mobile payments and other internet-based applications both internally and externally. A successful cybersecurity attack on the

Commission or one of its vendors or contractors, could have a material adverse effect on the financial condition and/or the operations of the Commission.

See “INVESTMENT CONSIDERATIONS – Cybersecurity Threats” in the forepart of this Official Statement.

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APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR FISCAL YEARS ENDED MAY 31, 2024 AND 2023**

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania



Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2024 and 2023
With Report of Independent Public Accountants

Prepared by:
Accounting & Financial Reporting Department
Finance Department

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PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2024 and 2023

TABLE OF CONTENTS

	<u>Page(s)</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1–10
Organization Chart	11
List of Principal Officials	12
GFOA Certificate of Achievement	13
FINANCIAL SECTION	
Report of Independent Public Accountants	14–17
Management’s Discussion and Analysis (Unaudited)	18–32
Basic Financial Statements	
Statements of Net Position	33–34
Statements of Revenues, Expenses, and Changes in Net Position	35
Statements of Cash Flows	36–38
Statements of Fiduciary Net Position – OPEB Trust Fund	39
Statements of Changes in Fiduciary Net Position – OPEB Trust Fund	40
Notes to Financial Statements	41–122
Required Supplementary Information (Unaudited)	
Schedule of Commission’s Proportionate Share of Net Pension Liability – Pennsylvania State Employees’ Retirement System – Pension Fund	123
Schedule of Commission’s Contributions – Pennsylvania State Employees’ Retirement System – Pension Fund	124
Schedule of Changes in the Commission’s Net OPEB Liability and Related Ratios	125
Schedule of Commission’s Contributions to the Other Postemployment Welfare Plan Program	126–128
Other Supplementary Information	
<i>Section Information</i>	129
As of and for the Year Ended May 31, 2024	
Schedule of Net Position	130–131
Schedule of Revenues, Expenses, and Changes in Net Position	132
Schedule of Cash Flows	133–135

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Annual Comprehensive Financial Report
Fiscal Years Ended May 31, 2024 and 2023

TABLE OF CONTENTS *(continued)*

	<u>Page(s)</u>
FINANCIAL SECTION <i>(continued)</i>	
Other Supplementary Information <i>(continued)</i>	
<i>Section Information (continued)</i>	
As of and for the Year Ended May 31, 2023	
Schedule of Net Position	136–137
Schedule of Revenues, Expenses, and Changes in Net Position	138
Schedule of Cash Flows	139–141
For the Years Ended May 31, 2024 and 2023	
Schedules of Cost of Services Detail	142
STATISTICAL SECTION	143
Summary of Revenues and Expenses	144
Schedule of Net Position	145
Debt Coverage – All Sections	146
Ratios of Mainline Outstanding Debt and Debt Service Payments	147
Traffic Statistics	148
Revenue Composition as a Percentage of Total Revenue	149
Traffic Composition as a Percentage of Total Vehicles	149
Ten Largest Commercial Customers	150
Percentage of PA Turnpike ETC Traffic by IAG Agency	151
Employment by Nonfarm Related Industries – Demographic and Economic	152
Number of Employees	153
Vehicle Class Definitions	154
Miscellaneous Statistics	155
Technical Data	156
Chronology, Turnpike Construction	157
Chronology, Turnpike Improvements	158–161
Chronology, Speed Limits	162
Chronology, Toll Rates	163

INTRODUCTORY SECTION

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October 9, 2024

To the Commissioners and Bondholders of the Pennsylvania Turnpike Commission:

Introduction

The annual comprehensive financial report (ACFR) of the Pennsylvania Turnpike Commission (Commission) for the fiscal year ended May 31, 2024, is hereby submitted. The Commission covenants in the Senior Indenture that it will cause an annual audit to be made of its books and accounts of each fiscal year by an independent certified public accountant. A copy of such audit shall be filed with the Trustee promptly after the receipt by the Commission for such purpose.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, changes in financial position, and cash flows of the Commission. All disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Commission was created as an instrumentality of the Commonwealth of Pennsylvania (Commonwealth) on May 21, 1937, with powers to construct, operate, and maintain the Turnpike System, and to issue Turnpike revenue bonds, repayable solely from tolls and other Commission revenues. The Commission is considered a discretely presented component unit of the Commonwealth of Pennsylvania. The Commission is composed of five members, one of whom is the Commonwealth of Pennsylvania's Secretary of Transportation. The others are appointed by the Governor with the advice and consent of a two-thirds majority of the Senate.

The Pennsylvania Turnpike Commission (the Employer) maintains an other postemployment welfare plan program (the Plan) for the purpose of providing non-pension other postemployment benefits (OPEB) for employees who meet the age and service requirements outlined in the Employer's plan documents. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission.

The financial statements of the Commission's business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) have been prepared in conformity with accounting principles generally accepted in the United States (U.S. GAAP) as applied to government units. The Commission's enterprise and fiduciary fund financial statements (the financial statements) are presented on the accrual basis of accounting.

Turnpike System

As of May 31, 2024, the Turnpike System is composed of:

- the 359-mile Turnpike Mainline traversing the southern portion of Pennsylvania from east to west;
- the 110-mile north/south section identified as the Northeast Extension;
- the approximately 16-mile north/south connection, known as the Beaver Valley Expressway, which intersects the Turnpike Mainline in the southwestern portion of the Commonwealth;
- the approximately 13-mile Amos K. Hutchinson Bypass, which adjoins the Turnpike Mainline near the New Stanton Interchange;
- the completed portion of the Mon/Fayette Expressway project totaling approximately 48 miles;
- a six-mile section of the Southern Beltway project from PA 60 to US 22; and
- a 13-mile section of the Southern Beltway between U.S. 22 and Interstate Route 79, which opened on October 15, 2021.

The Turnpike Mainline connects with the Ohio Turnpike at its western terminus and with the New Jersey Turnpike at its eastern terminus. The Turnpike Mainline commences on the eastern boundary of Pennsylvania at the Delaware River Bridge which connects the Turnpike System to the New Jersey Turnpike. A barrier toll, based on the vehicle's number of axles and regardless of distance traveled, is paid at the Delaware River Bridge for those vehicles traveling westbound. The closed toll system based on axles, weight and distances traveled begins approximately six miles from the Delaware River Bridge at Neshaminy Falls. The Turnpike Mainline traverses the state in a westerly direction generally paralleling the southern border of the state immediately north of Philadelphia and south of Harrisburg to the vicinity of Somerset. West of Somerset, the highway follows a northwesterly direction to the northeast of Pittsburgh and to the Ohio state line, south of Youngstown, Ohio. A barrier toll, by vehicle class and regardless of distance traveled, is paid at the western most interchange (Gateway) for those vehicles traveling eastbound. The closed toll system begins approximately 30 miles from the Ohio state line at Warrendale.

The Northeast Extension is approximately 110 miles in length and connects the Turnpike Mainline and the area north of Scranton. The Northeast Extension meets the Turnpike Mainline at a point north of Plymouth Meeting and traverses the eastern portion of Pennsylvania in a northerly direction through Allentown and Scranton to its northern terminus where it connects with U.S. Route 6 and Interstate Route 81.

For additional information, see discussion of the Mon/Fayette Expressway and Southern Beltway in the Capital Improvements Program section of this letter.

The Turnpike System was constructed prior to the development of the National Interstate Highway System and no Federal Highway Trust Fund monies were utilized in the initial construction of the Turnpike Mainline, Northeast Extension, Beaver Valley Expressway or the Amos K. Hutchinson Bypass section of the Turnpike System. However, portions of the Turnpike System have been designated as Interstate Routes. The Turnpike Mainline has been designated as Interstate Route 276 (I-276) between the area where Interstate Route 95 (I-95) crosses the Turnpike System and the Valley Forge Interchange. With the September 2018 opening of the interchange connecting

the Turnpike Mainline with I-95, the portion of the Turnpike Mainline east of the new interchange has been designated as I-95. The Commission received \$241.9 million of federal funding for the I-95 portion of the Turnpike System. The portion of the Turnpike Mainline west of the Valley Forge Interchange to the western terminus at the Ohio state line has been designated as part of Interstate Route 76 (I-76). In addition, the Turnpike Mainline between the New Stanton and Breezewood Interchanges has been designated as part of Interstate Route 70 (I-70). The Northeast Extension has been designated as part of Interstate Route 476 (I-476). Portions of the Beaver Valley Expressway are designated as Interstate Route 376 (I-376).

The Turnpike System was constructed and opened to traffic in sections. The original Turnpike Mainline segment between Irwin and Carlisle was opened in 1940. Ten years later, in 1950, the 100-mile section between Carlisle and King of Prussia was completed and opened. After 1950, construction of new segments of the Turnpike System occurred at more frequent intervals with the Turnpike Mainline segment placed in service as of May 1956. The initial segment of the Northeast Extension between the Turnpike Mainline and the temporary interchange just south of the Lehigh Tunnel was opened in 1955. The final segment, from the temporary interchange to Scranton, was completed and opened for traffic in November 1957.

The Delaware River Bridge, which connects the Turnpike Mainline with the New Jersey Turnpike System, is owned jointly by the Commission and the New Jersey Turnpike Authority.

The Turnpike System has a total of 73 toll interchanges which connect it with major arteries and population centers along its 565-mile traffic corridor. Thirty-six of the interchanges are located on the Turnpike Mainline, including Turnpike Mainline barriers at the New Jersey and Ohio state lines, and 11 interchanges are situated on the Northeast Extension. The additional 26 interchanges are located on the Beaver Valley Expressway, Amos K. Hutchinson Bypass, and completed segments of the Mon/Fayette Expressway and Southern Beltway.

All Electronic Tolling

On March 16, 2020, in response to the public health concerns resulting from the COVID-19 pandemic, the Commission moved to all-electronic toll (AET) collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate and E-ZPass toll collection across the Turnpike System. Initially intended to be a temporary response to the impact of the COVID-19 pandemic, the Commissioners, on June 2, 2020, unanimously approved the permanent transition to AET collection operations.

Toll-By-Plate is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. Commencing January 3, 2021, the Commission began imposing an additional toll increase on Toll-By-Plate transactions equal to 45% of the toll that would otherwise be due to cover the additional costs to operate the Toll-By-Plate system versus E-ZPass and to account for partial non-payment of tolls (Revenue Leakage) associated with Toll-By-Plate. The additional 45% charge on all Toll-By-Plate transactions was implemented to encourage increased use of E-ZPass and to offset estimated Revenue Leakage. The Commission continues to actively work to address Revenue Leakage due to AET through various initiatives that address customer behaviors and system improvement.

The Commission plans to fully convert the Turnpike System to ORT collection operations where cameras on overhead gantries capture a vehicle's license plate at highway speed, and a toll invoice is mailed to the vehicle's registered owner. The overhead gantries will also read the

transponder signals for E-ZPass customers to pay tolls at such locations. An initial pilot of the ORT system was installed along the new section of the Southern Beltway which opened in October 2021. The Mainline transition to ORT is scheduled to commence on a portion of the Turnpike System from the Reading Interchange to the New Jersey border as well as the entire length of the Northeast Extension in January 2025. ORT gantries and support buildings are being installed and constructed at various points along the Turnpike Mainline between the Reading Interchange and the New Jersey border and across the entire length of the Northeast Extension, tolling equipment has been installed on such gantries and are currently undergoing testing. Conversion to ORT for the balance of the Mainline west of the Reading Interchange is scheduled for completion in 2027. Existing toll booths would be decommissioned and removed from service at locations in which ORT is implemented.

E-ZPass

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the Turnpike System. The benefits of E-ZPass include enhanced safety and convenience for users of the Turnpike System, improved traffic flow and reduced congestion at the Turnpike System's busiest interchanges.

E-ZPass is available on the entire Turnpike System. In addition, Express E-ZPass lanes have been constructed at seven interchanges and permit E-ZPass customers to travel through the toll plaza at highway speeds. In addition, and as of August 2024, E-ZPass customers traveling in 19 other states that have implemented E-ZPass technology are able to use E-ZPass in those states.

Toll Violation Enforcement

To help ensure the collection of toll revenue due to the Commission, a Violation Enforcement System (VES) has been installed at all E-ZPass interchanges to identify violators (customers who travel through E-ZPass lanes and do not have E-ZPass) and motorists with problem tags that are unreadable. VES enables the Commission to collect appropriate tolls and other additional fees relating to violations. Act 89 and other statutory provisions governing VES and procedures for enforcement and collection provide for enhanced fare evasion measures and criminal penalties pertaining to E-ZPass violators. Under Act 89, motorists who commit or attempt to commit fare evasion on the Turnpike System shall have committed a summary offense and upon conviction, shall be fined a sum between \$100 and \$1,000 in addition to civil penalties that are already in place. Further, upon conviction, motorists who take affirmative action to evade a Turnpike System fare can be found to have committed a misdemeanor of the third degree, punishable by fines ranging from \$3,000 to \$6,500 (depending on the number of offenses), and imprisonment of not more than six months for a second offense.

Revenue generated from the additional fare evasion fines imposed by Act 89 is to be deposited in the Commonwealth's Motor License Fund rather than with the Commission; however, restitution for the full fare is paid to the Commission. Act 165 was signed into law in 2016 which, among other things, allows for the suspension of vehicle registration for unpaid tolls. Specifically, the vehicle suspension process is triggered by the failure to pay six (6) or more violations or incurring unpaid tolls or administrative fees of \$500. Additionally, Act 165 assists the Commission with the collection of unpaid out-of-state tolls by authorizing the Pennsylvania Department of Transportation (PennDOT) to enter into a reciprocity agreement for purposes of toll collection and enforcement penalties with another state or tolling entity. Effective September 11, 2018, PennDOT and the State of Delaware Department of Transportation, Division of Motor Vehicles (DelDOT) entered into the first reciprocity agreement under Act 165, generally providing that

PennDOT and DeDOT will suspend or hold the registration of vehicle upon unpaid tolls, consistent with the laws and regulations of the other state, upon the request of such state.

In January 2018, the Commission began sending notices of possible vehicle registration suspensions under authority from Act 165 and in February 2018, PennDOT began suspending certain vehicle registrations. In April 2018, the Commission also began filing criminal charges against some of the largest toll violators for theft of services.

Further, Act 112 which became effective January 2, 2023, lowers the threshold for a vehicle registration suspension for unpaid tolls from six violations to four violations, and for administrative fines from \$500 to \$250. Act 112 also extends the statute of limitations for enforcing unpaid tolls violations from three years to five years.

The Commission's Toll Revenue Enforcement unit (TRE) conducts all internal and external investigations including working with the local District Attorney's Offices in pursuing criminal prosecutions of the Commission's most egregious toll violators. Additionally, the Commission has initiated a pilot program with several local magisterial districts to bring civil cases for unpaid tolls. TRE's efforts are part of the Commission's coordinated toll collection and enforcement and fraud detection efforts.

Work Zone Safety

Signed into law on October 19, 2018, Act 86 of 2018 authorizes the Commission and PennDOT to conduct speed-enforcement operations inside active work zones (Enforcement Zones) using automated speed-enforcement systems and technology (Automated System). By its own terms, the speed-enforcement authorizations set forth in Act 86 expired after five years in February 2024. The Automated System is only used in active Enforcement Zones when proper notice is provided to motorists. The Automated System generates violation notices which are sent, via first class mail, to the registered owners of vehicles that travel 11 mph or more over the posted speed limit in an active Enforcement Zone. A registered owner's first-time violation receives a written warning, the second violation is a \$75 fine and the third and all subsequent violations are a \$150 fine. After a 60-day pre-enforcement pilot period, enforcement began on March 9, 2020. Fines collected pursuant to Act 86 do not become revenues of the Commission. On December 14, 2023, the Commonwealth enacted Act 38, which reauthorizes and permanently extends the Automated System in active work zones and is now known as the Work Zone Speed Safety Cameras (WZSSC) program. The same requirements listed in Act 86 were adopted in Act 38.

Long-Range Financial Planning Process

Annually, the Commission prepares an Operating Budget, a Ten-Year Capital Plan and an Act 44 Financial Plan.

The Operating Budget is an estimate of the expenses to maintain, support and operate the roadway and facilities for the next fiscal year. The fiscal year 2025 Operating Budget was approved for \$450.9 million on May 7, 2024.

The Commission prepares a Ten-Year Capital Plan for its facilities and equipment (exclusive of Mon/Fayette and Southern Beltway projects), consisting of the Highway Program, the Technology Program, Fleet Equipment, and Facilities and Energy Management Operations, which it updates each year. All capital projects are reviewed and prioritized and the most critical and important projects necessary to maintain the Turnpike System in a state of good repair are pursued. The

Capital Plan for fiscal year 2025 was adopted by the Commission on May 7, 2024. The adopted Capital Plan calls for an investment of \$7.5 billion, net of federal reimbursements, over the coming decade.

The Act 44 Financial Plan is the Commission's long-range financial plan and incorporates the Operating Budget and the Ten-Year Capital Plan. This long-range financial plan reflects the Commission's commitment to operate and maintain its toll facilities, support a capital investment program at levels consistent with the adopted Ten-Year Capital Plan, and fully fund its Act 44/Act 89 Payments. At the same time, the financial plan assumes the Commission will maintain debt service coverage ratios of at least 2.00x on annual debt service for its Turnpike Senior Revenue Bonds, 1.30x on combined debt service for its Turnpike Senior Revenue and Subordinate Revenue Bonds, and 1.20x for all three of its revenue liens. In addition, a liquidity level equal to at least 10% of operating revenues is assumed to be maintained. These coverage and liquidity targets reflect the Commission's goal to maintain financial flexibility consistent with its credit ratings.

The Commission delivered to the Secretary of the Budget its Act 44 Financial Plan for Fiscal Year 2025 on May 13, 2024.

Capital Improvements Program

Act 61 Projects

In 1985, the General Assembly of the Commonwealth enacted legislation, which among other things, authorized and empowered the Commission to undertake the construction of new projects and to operate them as part of the Turnpike System. This legislation, known as the "Turnpike Organization, Extension and Toll Road Conversion Act," also known as Act 1985-61 (Act 61), included several groups of projects for the Turnpike System. Act 61 grouped the improvement and extension authorizations into four major groups of projects.

The initial group of projects included, among others, the following, a portion of which have been financed and completed with bond proceeds: the Beaver Valley Climbing Lane; the Downingtown Interchange; the Fort Washington, Willow Grove and Philadelphia Interchanges; the Mid-County Expressway Connection (Montgomery County); the Mon/Fayette Expressway and Southern Beltway; the Beaver Valley Expressway; the Amos K. Hutchinson Bypass [formerly the Greensburg (North-South) Bypass]; the Keyser Avenue Interchanges (Wilkes-Barre/Scranton Area); and an additional tube at the Lehigh Tunnel on the Northeast Extension.

Act 26 of 1991 made certain changes to Act 61 of 1985, by shifting priorities of certain projects and adding provisions regarding new projects. Act 26 also increased the Commonwealth's Oil Company Franchise Tax by 55 mills with 14% of such increase being dedicated to toll road projects under Act 61.

Act 3 of 1997 appropriated to the Commission annual allocations from the Commonwealth's Motor License Fund for the purpose of funding capital improvement projects authorized by Act 61.

Act 44 of 2007, P.L. 169, repealed Act 61 but provided that all activities initiated under Act 61 shall continue and remain in full force and effect and may be completed under Act 44.

Please refer to the MD&A (Events That Will Impact Financial Position section) and Note 11 (Commitments and Contingencies) for additional information regarding Act 44 and other related legislation and agreements.

Mon/Fayette Expressway and Southern Beltway

Four projects constructed as part of the Mon/Fayette Expressway are now in operation. One is an approximately six-mile toll road between I-70 and U.S. Route 40 in Washington County. This project was built by PennDOT and turned over to the Commission upon its opening in 1990. The second is an approximately twelve-mile section of toll road from I-68 near Morgantown, West Virginia, to Fairchance, Pennsylvania, which is located just south of Uniontown. The third project is an approximately sixteen-mile section of the Mon/Fayette Expressway from I-70 in Washington County to Pennsylvania Route 51 in Allegheny County, which opened in April 2002. The fourth is an approximately fifteen-mile section from Uniontown to Brownsville, including a 3,022-foot bridge over the Monongahela River, which opened to traffic in July 2012. These four contiguous projects, which total 48 miles from Morgantown, West Virginia to Pennsylvania Route 51 south of Pittsburgh, are now part of the Turnpike System.

On March 21, 2017, the Commission announced that it would stop engineering-design activities on the final 14-mile section of the Mon/Fayette Expressway, extending from Pennsylvania Route 51 to I-376 near Monroeville east of Pittsburgh, in light of the Southwestern Pennsylvania Commission's decision to table the project. On June 26, 2017, the Southwestern Pennsylvania Commission voted to add the final 14-mile segment of the Mon/Fayette Expressway to its long-range plan. This action will allow FHWA to approve changes to the environmental impact statement (EIS), a requirement for construction to commence. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to I-376 are in excess of \$2.0 billion. An EIS re-evaluation was completed for the Mon/Fayette Expressway and approved by PennDOT and FHWA in 2019. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial portions of the southern section have been bid and are under construction. The next portion will bid in mid-2025. Subsequent portions will be evaluated as funding becomes available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is to be constructed from the Mon/Fayette Expressway, near Finleyville, extending as part of a beltway south of Pittsburgh to I-376 at the Pittsburgh International Airport. It is comprised of three distinct projects: (1) the six-mile project from I-376 to U.S. 22 (also known as the Findlay Connector) which opened to traffic in October 2006; (2) the 13-mile project from U.S. 22 to Interstate 79 (I-79), which opened on October 15, 2021; and (3) the remaining Southern Beltway project, from I-79 to the Mon/Fayette Expressway, which received environmental clearance in May 2009.

I-95 Interchange

I-95 was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to either by-pass the Philadelphia area entirely or exit the interstate system and navigate a complex system of local roadways to access I-95 again in New Jersey.

The main objectives of the Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike

Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and open to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as Interstate 95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. The first section was bid and awarded which will extend the reconstruction and widening of the Mainline approximately two miles to the west of the I-95 connection. The third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. The Commission has completed an alternative analysis for the DRB. In coordination with FHWA, a Supplemental Environmental Impact Statement will be required and will parallel the preliminary design for the replacement of the DRB. Funding for the initial design costs of the subsequent phases was included in the Fiscal Year 2025 Capital Plan.

Economic Outlook

Pennsylvania boasts a highly diversified economy with a mix of industries. The real gross state product is projected to grow at an annual average of 1.5% from 2023 to 2026. Personal income is expected to increase by 4.8%, compared with 4.9% for the country. Pennsylvania's annual median household income grew to \$74,900 in 2023 with an anticipated 3.0% per annum growth through 2026. Pennsylvania retail sales are expected to moderate to an average annual growth of 1.6% through 2026 after experiencing above-average growth in recent years.

As of December 2023, Pennsylvania total nonfarm employment was up by 2.5% from 2022 levels. As in much of the country, the health care and social services sector contribute the largest share of the gains, led by the ongoing recovery in ambulatory health care services, social services, and nursing and residential care services. The leisure and hospitality sector continues to post gains. Professional, scientific, and technical services will continue to be a bright spot for the state in terms of job growth and economic output gains. High-tech fields such as artificial intelligence, industrial automation, and biosciences will see the most growth, while more traditional fields like legal services will see more moderate gains. The state and local government services sector, including public education, continues to experience weak job growth. It is the only sector where payrolls remain well below pre-pandemic levels, with public sector entities struggling to compete with rapidly rising private-sector wages.

The state's labor force has not yet recovered to its pre-pandemic peak, although the state has added around 26,000 workers (up 0.4%) over the past year. A more robust pace of labor force growth has provided a boost to public-sector hiring in other states and would likely do the same in Pennsylvania. As it stands, the state's unemployment rate had dropped to the mid-3% range by late 2023, compared with the mid-4% range in early 2020.

The Federal Housing Finance Agency's Purchase-Only House Price Index in Pennsylvania was 4.8% higher than a year earlier in the first quarter of 2023. This was below the national average price appreciation of 5.9% over the same period and down from a 9.6% gain in the third quarter

of 2022. Pennsylvania's home prices have surged in recent years due to a shortage of homes for sale, but price growth is now decelerating to more typical levels.

After a decade of rapid growth, Pennsylvania's natural gas production, primarily from the Marcellus Shale, has plateaued since 2021. The state is the nation's second-largest natural gas producer after Texas, with expanded pipeline capacity allowing production to reach more markets. In 2022, Pennsylvania accounted for 19% of marketed U.S. natural gas production. S&P expects the rate of gain to slow in the near future, but remain positive, as the development of additional takeaway capacity via pipeline faces challenges on many fronts. Construction activity related to the state's natural gas industry has cooled after years of completing new wells and building pipelines. Persistently low market prices have slowed well drilling, while the buildout of pipeline infrastructure is mostly complete for now. The ethane cracker plant in Beaver County began operation in November 2022 and is expected to provide an important outlet for natural gas liquids produced in western Pennsylvania.

Internal Control

Management of the Commission is responsible for establishing and maintaining internal controls 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 accounting principles generally accepted in the United States of America. The internal controls are 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 judgements by management.

Trust Indentures

Operations of the Commission are substantially controlled by the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture dated August 1, 1998, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture dated August 1, 2005, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Subordinate Trust Indenture dated April 1, 2008, as supplemented, between the Commission and Computershare Trust Company, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture dated September 1, 2014, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

As demonstrated by the statements included in the financial section of this report, the Commission continues to meet its responsibility for sound financial management and compliance with the Indentures.

Other Information

Awards

Government Finance Officers' Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Pennsylvania Turnpike Commission for its annual comprehensive financial report (ACFR) for the fiscal year ended May 31, 2023. This was the 36th consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

The Trust Indentures require an annual audit of the Commission's financial statements be performed by independent certified public accountants. The accounting firm of SB & Company, LLC was engaged by the Commission to perform the audit for the fiscal year ended May 31, 2024. The independent public accountants' report on the financial statements is included in the financial section of this report.

Acknowledgments

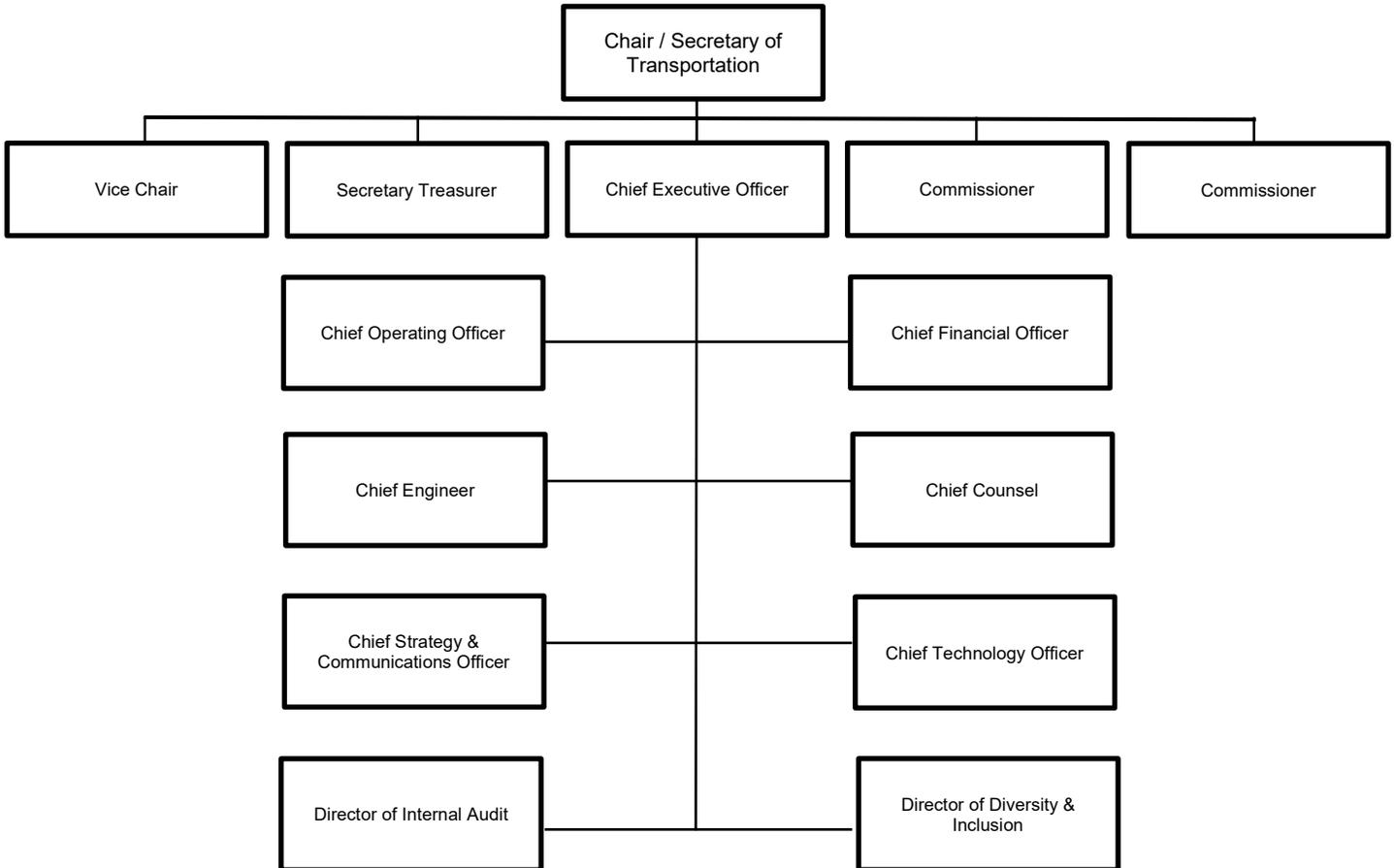
We wish to express our sincere appreciation to the staff of the Accounting and Financial Reporting and Finance departments whose time and dedicated effort made this report possible.

In addition, without the leadership and support of the Commissioners and executive staff of the Pennsylvania Turnpike Commission, preparation of this report would not have been possible.

Richard C
Dreher

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Richard C Dreher
Date: 2024.10.09
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PENNSYLVANIA TURNPIKE COMMISSION
 A Component Unit of the Commonwealth of Pennsylvania
 Organization Chart
 As of May 31, 2024



PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

List of Principal Officials

As of May 31, 2024

Title	Name
Commission Chair / Secretary of Transportation	Michael Carroll
Commission Vice Chair ²	William K. Lieberman ¹
Commission Secretary Treasurer	Dr. Keith Leaphart
Commissioner	Pasquale T. Deon, Sr. ²
Commissioner	Sean Logan
Chief Executive Officer	Mark P. Compton
Chief Operating Officer	Craig R. Shuey
Chief Financial Officer	Richard C. Dreher
Chief Engineer	Bradley J. Heigel, P.E.
Chief Counsel	Doreen A. McCall, Esq.
Chief Technology Officer	Robert Taylor, P.E., PTOE
Chief Strategy & Communications Officer	Kelli Roberts
Director of Internal Audit	Joan Resek
Director of Diversity & Inclusion	Catherine Clements-Jenkins

¹ Commissioner Lieberman's term expired in November 2023 and he continued to serve until his successor was confirmed. On September 18, 2024, Douglas B. Farnham was confirmed by the Pennsylvania State Senate to serve for a term of four years.

² At the Commission's October 1, 2024 meeting, the Commissioners reorganized. Commissioner Deon was elected as the Vice Chair.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Pennsylvania Turnpike Commission

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

May 31, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Commissioners
Pennsylvania Turnpike Commission

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Pennsylvania Turnpike Commission (the Commission), a component unit of the Commonwealth of Pennsylvania, as of and for the years ended May 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Commission, as of May 31, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective June 1, 2022, the Commission adopted new accounting guidance for subscription-based information technology arrangements. The guidance requires governments to recognize a right-to-use subscription asset and corresponding subscription liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The Commission's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, the Schedule of Commission’s Proportionate Share of Net Pension Liability – Pennsylvania State Employees’ Retirement System – Pension Fund, the Schedule of Commission’s Contributions – Pennsylvania State Employees’ Retirement System – Pension Fund, the Schedule of Changes in the Commission’s Net OPEB Liability and Related Ratios, and the Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program on pages 18 through 32 and pages 123 through 128 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission’s basic financial statements. The Section Information on pages 129 through 142 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Section Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Section Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Information Included in the Annual Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Philadelphia, Pennsylvania
October 9, 2024

SBC + Company, LLC

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited)
May 31, 2024 and 2023

The management of the Pennsylvania Turnpike Commission (hereinafter referred to as the Commission) offers this narrative overview and analysis of the Commission's business-type (enterprise fund) and fiduciary (fiduciary fund) activities for the years ended May 31, 2024 and 2023, which should be read in conjunction with the Commission's financial statements.

Financial Highlights

- The Commission implemented Government Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, for fiscal year 2024. This included restatement of some May 31, 2023 balances.
- The Commission implemented Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for fiscal year 2023. This included restatement of some May 31, 2022 balances.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the Commission's enterprise and fiduciary fund financial statements (the financial statements). While the Commission is considered a discretely presented component unit of the Commonwealth of Pennsylvania (Commonwealth), it is also an enterprise fund. Therefore, the Commission's financial statements are presented in a manner similar to a private-sector business and have been prepared according to accounting principles generally accepted in the United States of America (U.S. GAAP). All of the current year's revenues are recorded when earned and expenses are recorded as they are incurred, regardless of when the cash is received or disbursed.

The Statements of Net Position present information on all of the Commission's assets and deferred outflows of resources, liabilities and deferred inflows of resources, with the differences being reported as net position. Over time, increases or decreases in net position serve as a relative indicator of the change in financial position of the Commission.

The Statements of Revenues, Expenses, and Changes in Net Position show the result of the Commission's total operations during the fiscal year and reflect both operating and nonoperating activities and capital contributions. Changes in net position (increases or decreases) reflect current year activities and the impact on the overall financial position of the Commission.

The Statements of Cash Flows provide a detailed analysis of all sources and uses of cash. The direct method of cash flows is presented, along with a reconciliation of operating income to net cash provided by operating activities. The Statements of Cash Flows are divided into the following activities sections – operating, investing, capital and related financing, and noncapital financing.

The Pennsylvania Turnpike Commission (the Employer) maintains an other postemployment welfare plan program (the Plan) for the purpose of providing non-pension other postemployment benefits (OPEB) for employees who meet the age and service requirements outlined in the Employer's plan documents. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission. Fiduciary funds are used to account for resources held for the benefit of parties outside the Commission.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (continued)
May 31, 2024 and 2023

Overview of the Basic Financial Statements (continued)

The Statements of Fiduciary Net Position present information on all of the Plan's assets, liabilities and fiduciary net position. Over time, increases or decreases in fiduciary net position serve as a relative indicator of the change in the financial position of the Plan.

The Statements of Changes in Fiduciary Net Position present information about the Plan's additions to, deductions from, and net increase (or decrease) in fiduciary net position. Changes in fiduciary net position (increases or decreases) reflect the current fiscal year's impact upon the overall financial position of the Plan.

Notes to the financial statements contain information and offer explanations to the financial statements. The notes are intended to assist the reader in understanding the Commission's financial statements.

Financial Analysis

Comparative Condensed Statements of Net Position

	2024	2023 (RESTATED)	2022 (RESTATED)
		<i>(In thousands)</i>	
<i>Assets and deferred outflows of resources</i>			
Current assets	\$ 2,391,139	\$ 2,239,543	\$ 2,234,990
Noncurrent investments	824,356	1,037,627	1,298,734
Capital assets, net of accumulated depreciation/amortization	7,865,701	7,170,340	6,771,182
Other assets	247,510	178,831	222,001
Total assets	11,328,706	10,626,341	10,526,907
Total deferred outflows of resources	417,115	399,559	382,926
Total assets and deferred outflows of resources	11,745,821	11,025,900	10,909,833
<i>Liabilities and deferred inflows of resources</i>			
Current liabilities	1,247,630	1,284,002	1,002,358
Debt, net of unamortized premium	17,018,142	16,566,893	16,843,788
Net pension liability	296,572	331,574	219,303
Other noncurrent liabilities	57,542	108,645	149,314
Total liabilities	18,619,886	18,291,114	18,214,763
Total deferred inflows of resources	455,566	318,876	432,024
Total liabilities and deferred inflows of resources	19,075,452	18,609,990	18,646,787
<i>Net position</i>			
Net investment in capital assets	(1,328,484)	(1,470,936)	(1,422,146)
Restricted for construction purposes	279,321	320,558	311,045
Restricted for debt service	91,275	84,920	64,781
Restricted for OPEB	173,457	109,651	150,224
Unrestricted	(6,545,200)	(6,628,283)	(6,840,858)
Total net position	\$ (7,329,631)	\$ (7,584,090)	\$ (7,736,954)

Note: The Commission adopted GASB Statement No. 96 and GASB Statement No. 87 for its fiscal years ended May 31, 2024 and 2023, respectively. See Note 2 for further discussion on fiscal year 2023 and 2022 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Comparative Condensed Statements of Net Position *(continued)*

The Commission's total net position increased \$254.5 million for the fiscal year ended May 31, 2024. This increase in net position is mainly the result of increased fare revenues and investment earnings offset by increases in cost of services and interest and bond expenses. See later paragraphs for more detail on the changes in revenues and expenses. The Commission's total net position increased \$152.9 million for the fiscal year ended May 31, 2023. This increase in net position is mainly the result of the reduction in annual payment requirements under Act 44, Act 89 and the Amended Lease and Funding Agreement (Amended Funding Agreement) from \$450.0 million to \$50.0 million. Please refer to Note 11, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT. See also Note 9, Debt, in reference to the related debt.

Restricted net position is restricted for construction projects and debt service as defined in Trust Indentures and applicable bond issue official statements. As the Employer of the OPEB Plan, the Commission's net OPEB asset is also considered restricted net position.

The Commission's total assets and deferred outflows of resources increased by \$719.9 million in fiscal year 2024. This 2024 increase is mostly related to increases in capital assets of \$695.4 million as well as the increases in the net OPEB asset of \$63.8 million and deferred outflow of resources from OPEB of \$76.1 million. These increases were offset by a decrease in cash and investments of \$82.8 million. The increase in capital assets is mostly related to capital asset additions of \$1.1 billion, offset by \$417.0 million of depreciation/amortization expense. The increase in the OPEB related items are the result of changes in assumptions and an increase in our deferred outflows of resources due to differences between expected and actual experience used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB. The decrease in cash and investments is primarily due to the spend down of Oil Franchise Tax 2021 Series AB Construction funds.

Total liabilities and deferred inflows of resources increased by \$465.5 million in fiscal year 2024. The increase for fiscal year 2024 was mainly related to a \$334.4 million net increase in total debt and a \$111.4 million increase in deferred inflow of resources from OPEB. The increase in debt is primarily related to \$1,117.4 million in bond issuances offset by \$481.3 million of refundings and \$294.0 million of principal payments. See Note 9, Debt, for additional information regarding debt activity. The increase in the deferred inflow of resources from OPEB is the result changes in assumptions used in the most recent actuarial valuation. See Note 13, OPEB, for additional information regarding OPEB.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Comparative Condensed Statements of Net Position *(continued)*

The Commission's total assets and deferred outflows of resources increased by \$116.1 million in fiscal year 2023. This 2023 increase is mostly related to increases in capital assets of \$399.2 million offset by a decrease in cash and investments of \$283.3 million. The increase in capital assets is mostly related to capital asset additions of \$813.6 million, offset by \$409.9 million of depreciation/amortization expense. The decrease in cash and investments is primarily due to decreased unspent proceeds related to Oil Franchise Tax and Mainline Senior bond issuances.

Total liabilities and deferred inflows of resources decreased by \$36.8 million in fiscal year 2023. The decrease for fiscal year 2023 was mainly related to Oil Franchise Tax and Motor License Registration Fee Debt principal payments exceeding accretion of Capital Appreciation Bonds by \$35.4 million. In addition, Mainline Motor License Fund Enhanced principal payments exceeded accretion of Capital Appreciation Bonds by \$8.7 million. The expected decreases related to the Mainline Subordinate Debt related to Act 44, Act 89 and the Amended Funding Agreement were offset by increases in Mainline Senior Debt. See Note 9, Debt, for additional information regarding debt activity. Please refer to Note 11, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Management's Discussion and Analysis (Unaudited) (continued)
 May 31, 2024 and 2023

Financial Analysis (continued)**Comparative Statements of Revenues, Expenses, and Changes in Net Position**

	Year ended May 31		
	2024	2023 (RESTATED) <i>(In thousands)</i>	2022 (RESTATED)
<i>Operating revenues</i>			
Fares	\$ 1,608,793	\$ 1,540,705	\$ 1,459,916
Other	58,078	55,942	47,283
Total operating revenues	<u>1,666,871</u>	<u>1,596,647</u>	<u>1,507,199</u>
<i>Operating expenses</i>			
Cost of services	556,237	534,558	438,923
Depreciation/amortization	417,032	409,943	431,195
Total operating expenses	<u>973,269</u>	<u>944,501</u>	<u>870,118</u>
Operating income	<u>693,602</u>	<u>652,146</u>	<u>637,081</u>
<i>Nonoperating revenue (expenses)</i>			
Investment earnings (loss)	131,735	55,950	(71,591)
Other nonoperating revenue	8,128	12,656	21,503
Act 44 payments to PennDOT	(50,000)	(50,000)	(450,000)
Capital assets transferred to Commonwealth	-	(2,852)	(51,908)
Interest and bond expense	<u>(697,060)</u>	<u>(685,346)</u>	<u>(716,212)</u>
Nonoperating expenses, net	<u>(607,197)</u>	<u>(669,592)</u>	<u>(1,268,208)</u>
Income (loss) before capital contributions	86,405	(17,446)	(631,127)
Capital contributions	<u>168,054</u>	<u>170,310</u>	<u>169,141</u>
Increase (decrease) in net position	254,459	152,864	(461,986)
Net position at beginning of year, as restated ¹	<u>(7,584,090)</u>	<u>(7,736,954)</u>	<u>(7,274,968)</u>
Net position at end of year, as restated¹	<u><u>\$ (7,329,631)</u></u>	<u><u>\$ (7,584,090)</u></u>	<u><u>\$ (7,736,954)</u></u>

¹ The Commission adopted GASB Statement No. 96 and GASB Statement No. 87 for its fiscal years ended May 31, 2024 and 2023, respectively. See Note 2 for further discussion on fiscal year 2023 and 2022 balances that were restated.

For the fiscal years ended May 31, 2024 and 2023, operating and nonoperating revenues totaled \$1,806.7 million and \$1,665.3 million, respectively, while operating and nonoperating expenses totaled \$1,720.3 million and \$1,682.7 million, respectively.

Total operating and nonoperating revenues for fiscal year 2024 were \$141.4 million, or 8.5% higher than fiscal year 2023. The increase is due primarily to an increase in fare revenues and a \$75.8 million improvement in investment returns resulting from rising interest rates during fiscal year 2024. Fare revenues increased \$68.1 million because of increased traffic volumes and from the January 2024 toll increase of 5.0% for all customers as well as the full-year impact of the January 2023 toll increase of 5.0% for all customers.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Comparative Statements of Revenues, Expenses, and Changes in Net Position *(continued)*

Total operating and nonoperating revenues for fiscal year 2023 were \$208.2 million, or 14.3% higher than fiscal year 2022. The increase is due primarily to an increase in fare revenues and a \$127.5 million improvement in investment returns resulting from rising interest rates during fiscal year 2023. Fare revenues increased \$80.8 million because of increased traffic volumes and from the January 2023 toll increase of 5.0% for all customers as well as the full-year impact of the January 2022 toll increase of 5.0% for all customers, except those travelling on the Southern Beltway.

Total operating and nonoperating expenses for fiscal year 2024 were \$37.6 million higher than fiscal year 2023. This is primarily due to a \$21.7 million increase in cost of services and an \$11.7 million increase in interest and bond expense. The increase in cost of services is primarily due to increases in construction contracts and expenses related to PA State Police patrolling the roadway. The increase in interest and bond expense is primarily due to increased arbitrage expenses assessed on construction bond proceeds.

Total operating and nonoperating expenses for fiscal year 2023 were \$405.5 million lower than fiscal year 2022. This is primarily due to the \$400.0 million decrease in Act 44/89 Payments to PennDOT. Please refer to Note 11, Commitments and Contingencies, of the financial statements and to the Events That Will Impact Financial Position section of this MD&A for additional information regarding Act 44, Act 89 and the Amended Funding Agreement between the Commission and PennDOT.

Capital contributions decreased by \$2.3 million in fiscal year 2024 due to a \$5.2 million decrease in Federal reimbursements offset by a \$2.9 million increase in Oil Company Franchise Tax revenues. Capital contributions increased by \$1.2 million in fiscal year 2023 due to a \$2.9 million increase in Federal reimbursements offset by a \$1.0 million decrease in Oil Company Franchise Tax revenues. See Note 2.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (continued)
May 31, 2024 and 2023

Financial Analysis (continued)

Capital Assets and Debt Administration

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), assets under construction, buildings, improvements, equipment, right-to-use subscriptions and infrastructure. Infrastructure assets are typically items that are immovable such as highways, bridges and tunnels.

	Year ended May 31		
	2024	2023 (RESTATED) <i>(In thousands)</i>	2022
Capital assets not being depreciated/amortized	\$ 2,581,161	\$ 1,957,256	\$ 1,830,670
Capital assets being depreciated/amortized	12,914,583	12,560,504	11,957,535
Accumulated depreciation/amortization	7,630,043	7,347,420	7,017,023
Total capital assets being depreciated/amortized, net	<u>5,284,540</u>	<u>5,213,084</u>	<u>4,940,512</u>
Total capital assets	<u>\$ 7,865,701</u>	<u>\$ 7,170,340</u>	<u>\$ 6,771,182</u>

The Commission's investment in capital assets as of May 31, 2024 amounted to \$15.5 billion of gross asset value with accumulated depreciation/amortization of \$7.6 billion, leaving a net book value of \$7.9 billion. The net book value of capital assets as of May 31, 2023 was \$7.2 billion. Capital assets represented 67.0% and 65.0% of the Commission's total assets and deferred outflows of resources as of May 31, 2024 and 2023, respectively.

Assets under construction at the end of fiscal year 2024 were \$2,096.1 million, which was \$614.3 million higher than in fiscal year 2023. Assets under construction at the end of fiscal year 2023 were \$1,481.8 million, which was \$112.0 million higher than in fiscal year 2022. In fiscal year 2024, \$479.4 million of constructed capital assets were completed, which was \$185.7 million less than in fiscal year 2023. In fiscal year 2023, \$665.1 million of constructed capital assets were completed, which was \$800.5 million less than the \$1,465.6 million of constructed capital assets completed in fiscal year 2022. In addition to constructed capital assets, the Commission had capital asset additions from purchases of approximately \$18.7 million and \$36.5 million in fiscal years 2024 and 2023, respectively.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

The Commission's Ten-Year Capital Plan continues the Commission's efforts for (i) total roadway reconstruction and resurfacing, (ii) the rehabilitation or replacement of structurally deficient bridges, (iii) the implementation of Open Road Tolling (ORT), (iv) facilities and energy management improvements including repair and replacement of maintenance facilities, and (v) the development and installation of a fiber optic network. A high priority for the Commission is the ongoing full depth roadway total reconstruction of the east/west Turnpike Mainline and Northeast Extension. This work includes the reconstruction and widening of the roadway, the widening of the median, replacement of both mainline and overhead bridges as well as many safety enhancements. To date, approximately 155 miles of total reconstruction have been completed. Currently, approximately 27 miles are in construction and approximately 80 miles are in design. Also, the Commission completed 19 miles of roadway resurfacing during fiscal year 2024, helping to maintain a quality-riding surface with a Turnpike System-wide median IRI (International Roughness Index) of 66, which is rated as good.

Per the 2023 Condition Assessment Report, the Commission constructed four new bridges, completely replaced seven aging original bridges with new bridges, redecked or rehabilitated another eight bridges, constructed three new retaining walls and one new sound wall. Of the Commission's bridges, 856 bridges that are inspected biennially, 2.0% are rated structurally deficient which is below the national average of 6.9%. All 17 bridges currently rated structurally deficient are either in construction or design for rehabilitation.

The Commission has five sets of tunnels across the system. The Tuscarora Tunnel has gone through a complete rehabilitation and was completed during fiscal year 2024. Blue Mountain and Kittatinny Tunnels are in final design for a complete rehabilitation and are scheduled to commence construction within the next five years.

Facility projects continue to focus on environmental and safety compliance, and on the maintenance and repair of existing buildings including HVAC, electrical and plumbing systems based on deficiencies identified during facility condition assessments. A new Training Facility was built next to the Lehigh Tunnel with a vehicle storage building to be constructed there in 2025. Design is progressing for the new Maintenance campuses at New Cumberland, Harrison City and Bowmansville. Design is underway for a Trades Building in District 3.

Electric vehicle (EV) charging stations have been installed at Oakmont Plum, New Stanton, North Somerset, South Somerset, Bowmansville, Peter J. Camiel, King of Prussia, and Hickory Run Northbound and Southbound service plazas.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

The Mon/Fayette Expressway is open to traffic from the Pennsylvania/West Virginia line to PA 51 in Jefferson Hills Borough, a distance of 48 miles. The current estimates to complete the final 14 miles of the Mon/Fayette Expressway to Interstate Route 376 (I-376) are in excess of \$2.0 billion. Final design is now proceeding on the 14-mile southern section of the Mon/Fayette Expressway. The initial sections have been bid and are under construction. Subsequent sections will be evaluated as funding become available. When completed, the Mon/Fayette Expressway will extend from Interstate 68 in West Virginia to I-376 in Monroeville, which is east of Pittsburgh.

The Southern Beltway is a series of three independent projects that extend from the Mon/Fayette Expressway near Finleyville to I-376 at the Pittsburgh International Airport. One project constructed as part of the Southern Beltway, a six-mile section of toll road in Allegheny County that connects I-376 to U.S. Route 22 (U.S. 22), is in operation. The project from U.S. 22 to Interstate 79 (I-79) opened in October 2021. The project from I-79 to Mon/Fayette Expressway is currently in the final design phase.

The Commission has no legal obligation to complete the unfinished portions of the Mon/Fayette Expressway and Southern Beltway projects at this time.

Interstate 95 (I-95) was completed in 1969 without an interchange connecting it to the Turnpike Mainline. Interstate travelers were required to either by-pass the Philadelphia area entirely or exit the interstate system and navigate a complex system of local roadways to access I-95 again in New Jersey.

The main objectives of the I-95 Interchange Project are to improve the linkage between I-95 and the Turnpike Mainline to create continuity in the interstate system, relieve congestion on local roads which are currently used by travelers to make the connection between I-95 and the Turnpike Mainline, create additional capacity on the Turnpike Mainline and I-95 to accommodate the transfer of traffic from the local roadway system, and improve travel times through the interchange area.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Capital Assets (continued)

The first phase of the Interchange Project included preparatory work and construction of a portion of the interchange between I-95 and the Turnpike Mainline, including northbound I-95 to the eastbound Turnpike Mainline and westbound Turnpike Mainline to southbound I-95. This phase included construction of a new Turnpike Mainline toll plaza and a cashless tolling plaza westbound, which opened in January 2016. The first phase of the Interchange Project was completed and open to traffic in September 2018. The portion of the Turnpike Mainline from the Interchange Project eastward to the Delaware River Bridge in Bucks County has been redesignated as I-95. The second phase of the Interchange Project will include the completion of the reconstruction and widening of the remaining interchange connectors. One section was bid and awarded which will extend the reconstruction and widening of the Mainline approximately two miles west of the I-95 connection. The third phase will be the construction of a new wider bridge over the Delaware River, replacing the existing bridge. Funding for the initial design costs of the subsequent phases is included in the Fiscal Year 2025 Capital Plan.

The above paragraphs describe the changes in capital assets occurring during the fiscal years ended May 31, 2024 and 2023. Please refer to the capital assets section in the notes to the financial statements (Note 5) for schedules summarizing changes in capital assets.

Debt Administration – Mainline

In September 2022, the Commission issued \$254,730,000 of 2022 Series A Senior Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2041. The 2022 Series A Senior Revenue Refunding Bonds were issued pursuant to the Tender Offer to refund a portion of the 2013 Series C Senior Revenue Bonds (\$23,875,000), 2014 Series A Senior Revenue Bonds (\$15,295,000), 2014 Series C Senior Revenue Bonds (\$43,055,000), 2014 Series Refunding Senior Revenue Bonds (\$140,830,000), 2015 Series A-1 Senior Revenue Bonds (\$23,475,000), 2015 Series B Senior Revenue Bonds (\$5,885,000), and 2020 First Series Senior Revenue Refunding Bonds (\$21,405,000) and paying for the costs of issuing the 2022 Series A Senior Revenue Refunding Bonds.

In December 2022, the Commission issued \$293,840,000 of 2022 Series B Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2052. The 2022 Series B Senior Revenue Bonds were issued to finance the costs of various capital expenditures set forth in the Commission's current ten-year capital plan, including any amendments thereto, or any prior capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges; to refund the 2018 EB-5 Loan 1st Tranche (\$50,000,000) and the payment of the costs of issuing the 2022 Series B Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In March 2023, the Commission issued \$343,800,000 of 2023 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2043. The 2023 First Series Subordinate Revenue Refunding Bonds were issued pursuant to the Tender Offer to refund a portion of the 2009 Series C Subordinate Revenue Bonds (\$26,275,000), 2009 Series E Subordinate Revenue Bonds (\$48,350,000), 2013 Series B-3 Subordinate Revenue Bonds (\$295,000), 2014 Series A-1 Subordinate Revenue Bonds (\$34,210,000), 2014 Series B Subordinate Revenue Bonds (\$65,180,000), 2015 Series A-1 Subordinate Revenue Bonds (\$23,485,000), 2015 Series B Subordinate Revenue Bonds (\$23,145,000), 2016 Refunding Subordinate Revenue Bonds (\$24,410,000), 2016 Series A-1 Subordinate Revenue Bonds (\$23,090,000), 2017 Series A Subordinate Revenue Bonds (\$76,870,000), 2019 First Series Subordinate Revenue Refunding Bonds (\$6,555,000), and 2020 First Series Subordinate Revenue Refunding Bonds (\$5,500,000); and paying for the costs of issuing the 2023 First Series Subordinate Revenue Refunding Bonds.

In September 2023, the Commission issued \$400,000,000 of 2023 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2023 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, to refund a portion of the 2013 Series C Senior Revenue Bonds (\$15,895,000) and the 2018 EB-5 Loan 2nd Tranche (\$45,000,000), and for paying the costs of issuing the 2023 Series A Senior Revenue Bonds.

In November 2023, the Commission issued \$190,125,000 of 2023 Series B Senior Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2043. The 2023 Series B Senior Revenue Refunding Bonds were primarily issued to refund the 2018 Series A-1 Senior Revenue Bonds (\$117,745,000) and 2018 Series B Senior Revenue Bonds (\$71,200,000), obtain the TD Letter of Credit as a Credit Facility in connection with the 2023 Series B Senior Revenue Refunding Bonds and for paying the costs of issuing the 2023 Series B Senior Revenue Refunding Bonds.

In January 2024, the Commission issued \$205,835,000 of 2024 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series A Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Financial Analysis *(continued)*

Capital Assets and Debt Administration *(continued)*

Debt Administration – Mainline (continued)

In February 2024, the Commission issued \$90,000,000, as a Direct Placement, 2024 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series B Senior Revenue Bonds.

Debt Administration – Motor License Registration Fee

In September 2023, the Commission issued \$231,425,000 of 2023 Series Motor License Registration Fee Revenue Refunding Bonds at a variable rate with a maturity date of July 15, 2041. The 2023 Motor License Registration Fee Revenue Refunding Bonds were issued to refund the 2005 Series B Motor License Registration Fee Revenue Bonds (\$77,140,000), 2005 Series C Motor License Registration Fee Revenue Bonds (\$77,140,000), and 2005 Series D Motor License Registration Fee Revenue Bonds (\$77,145,000) and paying for the costs of issuing the 2023 Series Motor License Registration Fee Revenue Refunding Bonds.

Debt Administration - Bond Ratings

In August 2022, the Commission received an upgrade to both its Mainline Senior and Subordinate credit ratings from Fitch Ratings. Fitch upgraded the Commission's outstanding Mainline Senior lien bonds to 'AA-' from 'A+' and the Mainline Subordinate lien bonds to 'A' from 'A-'.

In January 2023, the Commission received a downgrade to both its Oil Franchise Tax Senior and Subordinate credit ratings from Fitch Ratings due to the expectations for weakening long-term pledged revenue growth prospects given the Commonwealth of Pennsylvania's declining trend in fuel consumption. Fitch downgraded the Commission's outstanding Oil Franchise Tax Senior lien bonds to 'AA-' from 'AA' and the Oil Franchise Tax Subordinate lien bonds to 'A' from 'A+'.

In January 2023, the Commission received an upgrade to its Mainline Senior, Mainline Subordinate and 2005 Motor License Registration Fee credit ratings from S&P Global Ratings. S&P upgraded the Commission's outstanding Mainline Senior lien bonds to 'AA-' from 'A+' and the Mainline Subordinate lien bonds to 'A+' from 'A'. Additionally, S&P upgraded the Commission's outstanding 2005 Motor License Registration Fee bonds to 'AA-' from 'A+'.

In August 2023, the Commission received an upgrade to both its Mainline Senior and Subordinate credit ratings from Moody's Ratings. Moody's upgraded the Commission's outstanding Mainline Senior lien bonds to 'Aa3' from 'A1' and the Mainline Subordinate lien bonds to 'A2' from 'A3'. Additionally, Moody's revised the Commission's revenue bond outlook to stable from positive.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2024 and 2023

Financial Analysis (*continued*)

Capital Assets and Debt Administration (*continued*)

The preceding paragraphs describe debt activity occurring during the fiscal years ended May 31, 2024 and 2023. Please refer to the debt and commitments and contingencies notes to the financial statements (Notes 8 and 10) for more detailed schedules and descriptions of long-term debt and swap activity.

Events That Will Impact Financial Position

On July 18, 2007, Act 44 was enacted, creating a “public-public partnership” between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT, as described in the following paragraphs, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010, without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (*Act 44/Act 89 Payments*). Previously, aggregate payments in the amount of \$450.0 million were due through 2057, payable in equal quarterly installments, with \$200.0 million of the scheduled annual payments supporting road and bridge projects and \$250.0 million supporting transit projects throughout the Commonwealth. However, commencing with fiscal year 2023, the Commission's current annual Act 44/Act 89 Payment obligation is now \$50.0 million. See the following paragraphs for more information on the total amount paid by the Commission under the Amended Funding Agreement.

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth's aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth's transportation infrastructure were fully implemented in fiscal year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*) executed by the Commission and PennDOT on April 4, 2014.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) (*continued*)
May 31, 2024 and 2023

Events That Will Impact Financial Position (*continued*)

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for fiscal year 2014 through fiscal year 2022 is \$450.0 million, with at least \$30.0 million of such annual amount required to be paid from current revenues and the remainder expected to be funded by the proceeds of bonds issued under the Subordinate Revenue Indenture.

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the *Amendment Two*) and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the *Amendment Three*, and together with the Original Amended Funding Agreement and Amendment Two, the *Amended Funding Agreement*) both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in fiscal years 2019 through 2021.

Act 89 relieved the Commission from over \$15.0 billion in future Act 44/Act 89 Payments to PennDOT during fiscal years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to \$50.0 million, which amount must be paid from current revenues of the Commission. Act 89 further provides that commencing with fiscal year 2023, the Commission's \$50.0 million scheduled annual Act 44/Act 89 Payments must be used to support Commonwealth mass transit capital and operating needs.

The provisions of Act 44 and the Funding Agreement require PTC to provide a financial plan to the Secretary of the Budget on, or before, June 1 of each year that describes the Commission's proposed operating and capital expenditures, borrowings, liquidity and other financial management covenants and policies, estimated toll rates and all other revenues and expenditures for the ensuing fiscal year. Act 44 requires that the financial plan demonstrate that the operations of the Commission can reasonably be anticipated to result in the Commission having sufficient funds to make payments due to PennDOT pursuant to the Funding Agreement and Act 44 during the ensuing and future fiscal years. The financial plan does not cover the funding needs for the Mon/Fayette Expressway or the Southern Beltway projects, which are separately financed by certain dedicated tax and fee revenue sources of the Commonwealth. Those revenue sources include Oil Franchise Tax Revenues and Registration Fee Revenues and are not pledged to pay debt service on the Commission's Senior Revenue Bonds, Subordinate Revenue Bonds or Subordinate Special Revenue Bonds.

Since the enactment of Act 44 in 2007, the Commission's annual Financial Plan has demonstrated that for the prior fiscal year that the Commission was able to meet all of its financial covenants and obligations under the Enabling Acts and was able to progress with its then-current Capital Plan. The Commission delivered to the Secretary of the Budget its Financial Plan for Fiscal Year 2025 on May 13, 2024.

The Fiscal Year 2025 Financial Plan defines the reasonably expected revenues the Commission will generate necessary to meet required Turnpike operating and maintenance expenses, debt service payments, capital expenses, and liquidity requirements. A copy of the Fiscal Year 2025 Financial Plan is available on the Commission's website.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Management's Discussion and Analysis (Unaudited) *(continued)*
May 31, 2024 and 2023

Events That Will Impact Financial Position *(continued)*

Additionally, the Fiscal Year 2025 Financial Plan concludes that the Commission is projected to generate sufficient resources to operate and maintain the Turnpike, provide for its capital investment needs to ensure the System is maintained in a state of good repair, meet debt service requirements, fund required Act 44/Act 89 Payments and maintain internal liquidity. Although the Commission's Fiscal Year 2025 Financial Plan is based on reasonable financial assumptions, it recognizes that there are inherent uncertainties in projecting the Commission's resources and obligations over a thirty-three year period. Downside risks to the financial plan include, but are not limited to, lower than expected traffic and toll revenues, higher interest and inflation rates, and/or greater than projected cost increases. To accommodate these risks, the financial plan requires that the Commission maintain strong debt service coverage and preserve internal liquidity.

The preceding paragraphs provide a brief overview of Act 44 and Act 89 and their requirements. Please refer to the commitments and contingencies section in the Notes to the Financial Statements (Note 11) for additional information regarding the Commission's commitments under the Amended Funding Agreement. Furthermore, legislation may be introduced that could affect the Commission and its obligations pursuant to Act 44 and Act 89. Also, the Commission cannot predict what other legislation may be considered by the General Assembly during the 2024-2025 or future legislative sessions or if any other proposals or initiatives may lead to the adoption of legislation that may affect the Commission.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Statements of Net Position – Business-type activities
May 31, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u> <i>(RESTATED)</i>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
<i>Current assets</i>		
Cash and cash equivalents	\$ 355,987	\$ 294,551
Investments	224,582	181,346
Accounts receivable - net of allowance of \$718.1 million and \$546.6 million as of May 31, 2024 and 2023, respectively	158,966	137,083
Accrued interest receivable	2,181	2,205
Inventories	25,025	23,147
<i>Restricted current assets</i>		
Cash and cash equivalents	917,435	883,150
Investments	679,489	687,991
Accounts receivable	9,607	13,908
Accrued interest receivable	17,867	16,162
Total current assets	<u>2,391,139</u>	<u>2,239,543</u>
<i>Noncurrent assets</i>		
<i>Investments</i>		
Investments	262,669	381,041
Investments restricted	561,687	656,586
Total investments	<u>824,356</u>	<u>1,037,627</u>
<i>Capital assets not being depreciated/amortized</i>		
Land and intangibles	485,043	475,462
Assets under construction	2,096,118	1,481,794
<i>Capital assets being depreciated/amortized</i>		
Buildings	1,176,281	1,099,651
Improvements other than buildings	196,423	190,080
Equipment	664,015	650,946
Infrastructure	10,864,934	10,613,104
Right-to-use - subscriptions	12,930	6,723
Total capital assets before accumulated depreciation/amortization	15,495,744	14,517,760
Less: Accumulated depreciation/amortization	<u>7,630,043</u>	<u>7,347,420</u>
Total capital assets after accumulated depreciation/amortization	<u>7,865,701</u>	<u>7,170,340</u>
<i>Other assets</i>		
Prepaid bond insurance costs	3,724	4,626
Net OPEB asset	173,457	109,651
Other assets	70,329	64,554
Total other assets	<u>247,510</u>	<u>178,831</u>
Total noncurrent assets	<u>8,937,567</u>	<u>8,386,798</u>
Total assets	11,328,706	10,626,341
Deferred outflows of resources from hedging derivatives	589	25,860
Deferred outflows of resources from refunding bonds	232,643	239,751
Deferred outflows of resources from pensions	61,803	87,942
Deferred outflows of resources from OPEB	122,080	46,006
Total deferred outflows of resources	<u>417,115</u>	<u>399,559</u>
Total assets and deferred outflows of resources	<u>\$ 11,745,821</u>	<u>\$ 11,025,900</u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Net Position – Business-type activities (*continued*)

May 31, 2024 and 2023

(in thousands)

	<u>2024</u>	<u>2023</u> <i>(RESTATED)</i>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
<i>Current liabilities</i>		
Accounts payable and accrued liabilities	\$ 708,651	\$ 633,639
Current portion of debt	411,085	527,900
Unearned income	<u>127,894</u>	<u>122,463</u>
Total current liabilities	<u>1,247,630</u>	<u>1,284,002</u>
<i>Noncurrent liabilities</i>		
Debt, less current portion, net of unamortized premium of \$1,498.5 million and \$1,520.5 million in 2024 and 2023, respectively	17,018,142	16,566,893
Net pension liability	296,572	331,574
Other noncurrent liabilities	<u>57,542</u>	<u>108,645</u>
Total noncurrent liabilities	<u>17,372,256</u>	<u>17,007,112</u>
Total liabilities	<u>18,619,886</u>	<u>18,291,114</u>
Deferred inflows of resources from hedging derivatives	110,313	76,625
Deferred inflows of resources from service concession arrangements	82,600	89,344
Deferred inflows of resources from refunding bonds	20,869	22,591
Deferred inflows of resources from pensions	29,794	38,230
Deferred inflows of resources from OPEB	164,998	53,646
Deferred inflows of resources from leases	<u>46,992</u>	<u>38,440</u>
Total deferred inflows of resources	<u>455,566</u>	<u>318,876</u>
Total liabilities and deferred inflows of resources	<u>19,075,452</u>	<u>18,609,990</u>
NET POSITION		
Net investment in capital assets	(1,328,484)	(1,470,936)
Restricted for construction purposes	279,321	320,558
Restricted for debt service	91,275	84,920
Restricted for OPEB	173,457	109,651
Unrestricted	<u>(6,545,200)</u>	<u>(6,628,283)</u>
Total net position	<u>\$ (7,329,631)</u>	<u>\$ (7,584,090)</u>

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Revenues, Expenses, and Changes in Net Position – Business-type activities

Years Ended May 31, 2024 and 2023

(in thousands)

	<u>2024</u>	<u>2023</u> <i>(RESTATED)</i>
<i>Operating revenues</i>		
Fares - net of discounts, adjustments and bad debt expense of \$146.2 million and \$121.0 million for the years ended May 31, 2024 and 2023, respectively	\$ 1,608,793	\$ 1,540,705
Other	58,078	55,942
Total operating revenues	<u>1,666,871</u>	<u>1,596,647</u>
<i>Operating expenses</i>		
Cost of services	556,237	534,558
Depreciation/amortization	417,032	409,943
Total operating expenses	<u>973,269</u>	<u>944,501</u>
Operating income	<u>693,602</u>	<u>652,146</u>
<i>Nonoperating revenues (expenses)</i>		
Investment earnings	131,735	55,950
Other nonoperating revenues	8,128	12,656
Act 44 and Act 89 payments to PennDOT	(50,000)	(50,000)
Capital assets transferred to the Commonwealth	-	(2,852)
Interest and bond expense	<u>(697,060)</u>	<u>(685,346)</u>
Nonoperating expenses, net	<u>(607,197)</u>	<u>(669,592)</u>
Income (loss) before capital contributions	86,405	(17,446)
Capital contributions	<u>168,054</u>	<u>170,310</u>
Increase in net position	254,459	152,864
Net position at beginning of year, as restated ¹	<u>(7,584,090)</u>	<u>(7,736,954)</u>
Net position at end of year, as restated¹	<u>\$ (7,329,631)</u>	<u>\$ (7,584,090)</u>

¹ The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Statements of Cash Flows – Business-type activities
Years Ended May 31, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u> <i>(RESTATED)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer tolls and deposits	\$ 1,663,003	\$ 1,579,233
Cash payments for goods and services	(435,986)	(412,877)
Cash payments to employees	(162,176)	(144,767)
Cash received from other operating activities	6,623	11,312
Net cash provided by operating activities	<u>1,071,464</u>	<u>1,032,901</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	5,442,040	4,676,592
Interest received on investments	50,832	37,082
Purchase of investments	(5,206,040)	(4,437,514)
Net cash provided by investing activities	<u>286,832</u>	<u>276,160</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received from other governments	641	5,212
Proceeds from Motor License Registration fees	28,000	28,000
Proceeds from Oil Company Franchise Tax	137,513	130,812
Construction and acquisition of capital assets	(1,068,384)	(758,589)
Proceeds from sale of capital assets	1,646	1,014
Payments for bond and swap expenses	(11,480)	(7,385)
Payments for debt refundings	(481,418)	(341,272)
Payments for bond maturities	(169,605)	(150,480)
Interest paid on debt	(405,144)	(389,112)
Interest subsidy from Build America Bonds	21,111	10,554
Proceeds from debt issuances	1,173,154	601,826
Net cash used in capital and related financing activities	<u>(773,966)</u>	<u>(869,420)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash payments to PennDOT	(50,000)	(50,000)
Payments for bond and swap expenses	-	(3,513)
Payments for debt refundings	-	(386,473)
Payments for debt maturities	(124,350)	(113,260)
Interest paid on debt	(314,259)	(328,664)
Proceeds from debt issuances	-	384,487
Net cash used in noncapital financing activities	<u>(488,609)</u>	<u>(497,423)</u>
Increase (decrease) in cash and cash equivalents	95,721	(57,782)
Cash and cash equivalents at beginning of year	1,177,701	1,235,483
Cash and cash equivalents at end of year	<u>\$ 1,273,422</u>	<u>\$ 1,177,701</u>

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows – Business-type activities (*continued*)

Years Ended May 31, 2024 and 2023

(in thousands)

	<u>2024</u>	<u>2023</u> (RESTATED)
<i>Reconciliation of operating income to net cash provided by operating activities</i>		
Operating income	\$ 693,602	\$ 652,146
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>		
Depreciation/amortization	417,032	409,943
<i>Change in operating assets and liabilities</i>		
Accounts receivable	(19,696)	(12,576)
Inventories	(1,878)	(2,739)
Other assets	(2)	138
Net OPEB asset	(63,806)	40,573
Deferred outflows of resources from pensions	26,139	(48,313)
Deferred outflows of resources from OPEB	(76,074)	4,630
Accounts payable and accrued liabilities	22,841	19,327
Net pension liability	(35,002)	112,272
Other noncurrent liabilities	(3,160)	(1,262)
Deferred inflows of resources from pensions	(8,436)	(71,099)
Deferred inflows of resources from OPEB	111,352	(69,305)
Deferred inflows of resources from leases	8,552	(834)
Net cash provided by operating activities	<u>\$ 1,071,464</u>	<u>\$ 1,032,901</u>
<i>Reconciliation of cash and cash equivalents to the statements of net position</i>		
Cash and cash equivalents	\$ 355,987	\$ 294,551
Restricted cash and cash equivalents	917,435	883,150
Total cash and cash equivalents	<u>\$ 1,273,422</u>	<u>\$ 1,177,701</u>

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for the further discussion on fiscal year 2023 balances that were restated.

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded net increase of \$75.5 million and a net increase of \$13.4 million in the fair value of its investments not reported as cash equivalents for the years ended May 31, 2024 and 2023, respectively.

The Commission recorded \$77.6 million and \$75.6 million for the amortization of bond premiums for the years ended May 31, 2024 and 2023, respectively.

As indicated in Note 9, the Commission refunded various bonds in both fiscal years 2024 and 2023. The fiscal year 2024 refundings resulted in a \$0.2 million reclassification from bond premiums (discounts) to deferred outflows of resources from refundings. The fiscal year 2023 refundings resulted in a \$34.9 million reclassification from bond premiums (discounts) to deferred inflows of resources from refundings and \$7.6 million reclassification from bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$16.5 million and \$20.1 million in expenses for amortization of deferred outflows/inflows of resources from refunding bonds for the years ended May 31, 2024 and 2023, respectively.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Cash Flows – Business-type activities (*continued*)

Years Ended May 31, 2024 and 2023

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities (*continued*)

The Commission recorded \$0.3 million in expenses for amortization of prepaid bond insurance costs for each of the years ended May 31, 2024 and 2023.

The Commission recorded an interest expense reduction of \$7.1 million and \$6.7 million for the years ended May 31, 2024 and 2023, respectively, related to terminated derivative instruments.

The Commission recognized total capital contributions of \$168.1 million for the fiscal year ended May 31, 2024. Cash received of \$166.2 million for the fiscal year ended May 31, 2024 is reported in the capital and related financing activities of this statement. The \$1.9 million difference between capital contributions and cash received is the result of a \$2.9 million decrease in receivables related to these capital contributions offset by a \$4.8 million noncash capital contribution related to capital assets provided by service plaza operators. The Commission recognized total capital contributions of \$170.3 million for the fiscal year ended May 31, 2023. Cash received of \$164.0 million for the fiscal year ended May 31, 2023 is reported in the capital and related financing activities of this statement. The \$6.3 million difference between capital contributions and cash received is the result of a \$1.5 million increase in receivables related to these capital contributions and by a \$4.8 million noncash capital contribution related to capital assets provided by service plaza operators. See Note 2 for further discussion on capital contributions and Note 6 for further discussion on the service plazas.

As discussed in Note 2 (*Capital Assets Transferred to the Commonwealth of Pennsylvania* section), the Commission did not transfer any capital assets to PennDOT during the fiscal year ended May 31, 2024. During fiscal year 2023, the Commission transferred IT equipment and Dynamic Message System signs with a net book value of \$2.9 million to PennDOT.

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Statements of Fiduciary Net Position – OPEB Trust Fund
May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	<i>(in thousands)</i>	
ASSETS		
Cash and cash equivalents	\$ 4,645	\$ 6,900
Interest and dividends receivable	775	590
<i>Investments</i>		
Equity – stocks	14,870	12,202
Equity – mutual funds	218,313	207,497
Fixed income – mutual funds	65,100	72,116
Fixed income – mortgages	159	208
Fixed income – U.S. Treasuries	45,144	43,130
Fixed income – U.S. Government agency securities	26,963	26,111
Fixed income – U.S. High Yield	28,582	-
Corporate obligations	19,155	21,949
<i>Limited partnerships</i>		
Real estate	51,106	64,255
Commodities	25,054	32,994
Global tactical asset allocation	31,173	26,737
Private debt	16,531	16,439
Private equity	6,589	5,390
Total limited partnerships	130,453	145,815
Hedge fund of funds	43,653	23,600
Total investments	592,392	552,628
Total assets	597,812	560,118
LIABILITIES		
Benefits payable	582	277
Other liabilities	159	167
Total liabilities	741	444
Net position – restricted for OPEB	<u>\$ 597,071</u>	<u>\$ 559,674</u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Statements of Changes in Fiduciary Net Position – OPEB Trust Fund

Years Ended May 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
	<i>(in thousands)</i>	
ADDITIONS		
Employer contributions	\$ 13,419	\$ 14,652
<i>Net investment income (loss)</i>		
Interest, dividends, and capital gains income	12,121	11,128
Change in fair value of investments	36,858	(16,346)
Investment fees	(865)	(928)
Total net investment income (loss)	<u>48,114</u>	<u>(6,146)</u>
Total additions	<u>61,533</u>	<u>8,506</u>
DEDUCTIONS		
Benefit payments	24,113	21,431
Administrative expenses	23	14
Total deductions	<u>24,136</u>	<u>21,445</u>
Change in fiduciary net position	37,397	(12,939)
Net position – restricted for OPEB		
Beginning of year	<u>559,674</u>	<u>572,613</u>
End of year	<u>\$ 597,071</u>	<u>\$ 559,674</u>

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

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements
Years Ended May 31, 2024 and 2023

NOTE 1 FINANCIAL REPORTING ENTITY

Accounting principles generally accepted in the United States (U.S. GAAP) require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

The Pennsylvania Turnpike Commission (the Commission) was created as an instrumentality of the Commonwealth of Pennsylvania (the Commonwealth) on May 21, 1937, with powers to construct, operate, and maintain the Turnpike System and to issue Turnpike revenue bonds, repayable solely from tolls and other Commission revenues. The Commission is considered a discretely presented component unit of the Commonwealth.

The Commission is composed of five members, one of whom is the Secretary of Transportation. The others are appointed by the Governor with the approval of two-thirds of the Senate.

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single-employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under Section 115 of the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB). The Trust is administered by Trustees who are appointed by and serve at the pleasure of the Commission. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. In accordance with GASB Statement No. 84, *Fiduciary Activities*, the Plan is a fiduciary component unit of the Commission.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), the Commission has determined that it has no other component units.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission's business-type activities (enterprise fund) and fiduciary activities (fiduciary fund) have been prepared in conformity with U.S. GAAP as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described in the following paragraphs:

Basis of Accounting

The Commission's enterprise and fiduciary fund financial statements (the financial statements) are presented on the accrual basis of accounting.

Accounting Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts may differ from those estimates.

Reclassifications

Certain amounts presented in fiscal year 2023 have been reclassified to confirm to the fiscal year 2024 financial statement presentation.

Cash Equivalents

The Commission considers all highly liquid debt investment securities that mature within three months of acquisition to be cash equivalents.

Investments

Investments are stated at fair value, except for the following: money market investments are reported at cost which does not materially differ from fair value, certain nonparticipating contracts such as repurchase agreements and other agreements structured as repurchase agreements are reported at cost which does not materially differ from fair value and guaranteed investment contracts are stated at contract value. The Commission categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. See Note 4 for further discussion.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Accounts Receivable

Accounts receivable consist primarily of toll revenue receivables from customers and other E-ZPass agencies, fee revenue receivables from customers and reimbursement receivables from other governments. An allowance for uncollectible accounts receivable is established based on specific identification and historical experience.

Restricted Assets

In accordance with Trust Agreements and Trust Indentures, the Commission has established and maintains certain restricted accounts. Funds have been deposited in these accounts and are restricted for major capital replacements, improvements, betterments, enlargements, capital additions or the payment of debt service related to bonds.

Restricted assets as of May 31, 2024 were as follows:

	Restricted for:		Total
	Construction	Debt Service	
	<i>(in thousands)</i>		
Cash and cash equivalents	\$ 200,152	\$ 717,283	\$ 917,435
Current investments	305,588	373,901	679,489
Accounts receivable	9,607	-	9,607
Accrued interest receivable	1,059	16,808	17,867
Noncurrent investments	117,420	444,267	561,687
Total	<u>\$ 633,826</u>	<u>\$ 1,552,259</u>	<u>\$ 2,186,085</u>

Restricted assets as of May 31, 2023 were as follows:

	Restricted for:		Total
	Construction	Debt Service	
	<i>(in thousands)</i>		
Cash and cash equivalents	\$ 318,228	\$ 564,922	\$ 883,150
Current investments	200,610	487,381	687,991
Accounts receivable	13,908	-	13,908
Accrued interest receivable	1,351	14,811	16,162
Noncurrent investments	198,288	458,298	656,586
Total	<u>\$ 732,385</u>	<u>\$ 1,525,412</u>	<u>\$ 2,257,797</u>

Utilization of Resources

When both restricted and unrestricted resources are available for use, the Commission's policy is to use restricted resources first and then unrestricted resources as needed.

Inventories

Inventories are valued at average cost. The cost of inventory is expensed upon use (consumption method).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital Assets

Capital assets consist of land and intangible assets (right-of-way easements), assets under construction, buildings, improvements, equipment, right-to-use – subscriptions and infrastructure. Infrastructure assets are typically items that are immovable such as highways, bridges, and tunnels. Capital assets are stated at cost. Donated capital assets and capital assets received in a service concession arrangement are measured at acquisition value. Effective for the fiscal year ended May 31, 2024, acquisitions of capital assets valued at \$100,000 or greater are capitalized. Previously, acquisitions of capital assets valued at \$15,000 or greater were capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset. Intangible assets have an indefinite life and, thus, are not depreciated/amortized. The following useful lives and subscription terms are used:

Buildings	10 – 45 years
Improvements other than buildings	15 – 20 years
Equipment	3 – 40 years
Infrastructure	10 – 50 years
Right-to-use – subscriptions	2 – 3 years

Leases

The Commission is the lessor for advertising, cell tower, gas royalty and other miscellaneous leases. The miscellaneous category includes, but is not limited to, leases such as commercial, residential, agricultural and license agreements. The Commission recognizes a lease receivable and deferred inflows of resources related to leases in the financial statements.

At the commencement of a lease, the Commission initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Commission determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Commission uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

The Commission monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITAs)

The Commission has entered into several software contracts that meet the criteria for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96. Contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction are required to be recognized as a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The Commission recognizes the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the Commission's incremental borrowing rate. Amortization of the discount on the subscription liability is recognized as interest expense in subsequent financial reporting periods. The subscription asset is initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

Debt Premium/Discount and Prepaid Insurance Costs

Debt premium/discount is being amortized using the effective interest rate method over the varying terms of the bonds issued. Prepaid bond insurance costs (incurred through bond issuances) are being amortized using the straight-line method over the varying terms of the bonds issued.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Unearned Income

Unearned income is primarily related to E-ZPass customer deposits. E-ZPass customers of the Commission are required to deposit funds in advance of anticipated travel. Since this money is collected prior to the customers' travel and revenue recognition, it is recorded as unearned income. The Commission had \$127.9 million and \$122.5 million classified as unearned income for the fiscal years ended May 31, 2024 and 2023, respectively. Additionally, the Commission had \$6.6 million and \$5.2 million classified as accounts payable and accrued liabilities for the fiscal years ended May 31, 2024 and 2023, respectively.

Arbitrage Payable

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The Commission had a total arbitrage liability of \$8.2 million and \$0.4 million for fiscal years ended May 31, 2024 and 2023, respectively. The arbitrage liability recorded as accounts payable and accrued liabilities was \$0.4 million and \$0.2 million as of May 31, 2024 and 2023, respectively. The arbitrage liability recorded as other noncurrent liabilities was \$7.8 million and \$0.2 million as of May 31, 2024 and 2023, respectively.

Pensions

For purposes of measuring the 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 Pennsylvania State Employees' Retirement System (SERS) and additions to/deductions from SERS's fiduciary net position have been determined on the same basis as they are reported by SERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Pennsylvania Turnpike Commission's Other Postemployment Welfare Plan Program (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at cost.

Deferred Outflows/Inflows of Resources

The Statements of Net Position report separate sections for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Commission has six items that qualify for reporting in these categories: deferred outflows/inflows from its hedging derivative instruments, deferred inflows from its service concession arrangements, deferred outflows/inflows from refunding bonds, deferred outflows/inflows related to pensions, deferred outflows/inflows related to other postemployment benefits and deferred inflows related to leases.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Deferred Outflows/Inflows of Resources (*continued*)

The deferred outflows/inflows of resources related to hedging derivative instruments represent the cumulative change in their fair values. Deferred inflows from the Commission's service concession arrangements represent unamortized capital contributions from service plaza operators and the present value of minimum guaranteed rent payments. Deferred outflows/inflows from refundings are the result of differences in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows/inflows of resources related to pensions are described further in Note 10. The components of deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all SERS members beginning the year in which the deferred amount occurs (current year). The annual difference between the projected and actual earnings on SERS investments is amortized over a five-year closed period, beginning the year in which the difference occurs (current year). Deferred outflows/inflows of resources related to OPEB are described further in Note 13. Investment (gains)/losses are recognized in OPEB expense over a period of five years; economic/demographic (gains)/losses and assumption changes or inputs are recognized over the average remaining service life for all active and inactive members. Deferred inflows of resources related to leases represent the unearned revenues for all leases in which the Commission is the lessor.

Net Position

U.S. GAAP requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Net Position (*continued*)

Restricted – This component of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. The restrictions would be imposed by:

- External parties such as creditors, grantors and contributors,
- Laws or regulations of other governments, or
- Restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Operating Revenues

Revenues associated with operations of the Turnpike System are considered operating revenues. The principal operating revenues of the Commission are fare revenues from customers, offset by discounts, toll-related bad debt and other adjustments. Other operating revenues include service station, restaurant, property and other rental income, as well as revenue from various sponsorship agreements. Also included are electronic toll collection fees related to E-ZPass and Toll-By-Plate (TBP) programs, as well as related bad debt expense.

Fare Revenues

Fare revenues are recognized when vehicles exit the Turnpike System.

The Commission has installed E-ZPass, a form of electronic toll collection, throughout the Turnpike System. As customers drive through a toll point with an E-ZPass transponder, toll equipment captures the trip information, calculates the toll, and deducts it from the customer's E-ZPass pre-paid account balance. Toll-By-Plate (TBP) is supplemental to E-ZPass toll collections and utilizes technology where cameras read the license plates of all non-E-ZPass customers, as they pass through each toll gantry. The registered owner of the vehicle is then invoiced for the assessed tolls. For fiscal years 2024 and 2023, approximately 16.3% and 16.0%, respectively, of the fare revenues were realized through TBP, which are included as a part of all-electronic tolling.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Operating Expenses

Operating expenses relate directly to operating and maintaining the Turnpike System. The principal operating expenses of the Commission are cost of services and depreciation/amortization. Other expenses are considered nonoperating expenses.

Cost of Services

Cost of services includes wages and salaries, benefits, utilities, fuels, professional fees and services, PA State Police services, and purchased goods, including materials and supplies.

Nonoperating Revenues (Expenses)

Nonoperating revenues include net investment earnings and other miscellaneous revenues not associated with the operations of the Turnpike System. Nonoperating expenses include: Act 44 and Act 89 payments to PennDOT, capital assets transferred to the Commonwealth, interest and bond expenses, and other miscellaneous expenses not associated with the operations of the Turnpike System.

Nonoperating Revenues (Expenses) *(continued)*

Act 44 and Act 89 Payments to PennDOT

The Commission and PennDOT entered into a Lease and Funding Agreement, as amended, as required under the terms of Act 44 and Act 89. See Note 11 for more information regarding Act 44 and Act 89.

Capital Assets Transferred to the Commonwealth of Pennsylvania

The Commission did not transfer any capital assets to PennDOT during the fiscal year ended May 31, 2024.

During the fiscal year ended May 31, 2023, the Commission transferred IT equipment related to the I-95 project to PennDOT. The book value of the equipment was \$1.3 million. The Commission also transferred Dynamic Message System signs to PennDOT during the fiscal year ended May 31, 2023. The book value of the signs was \$1.6 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Capital Contributions

Capital contributions include: Oil Company Franchise Tax revenues, Motor License Registration Fee revenues, grants from other governments for reimbursement of capital costs for various highway construction projects, capital assets received from other third parties and amortization of deferred inflows of resources for service concession agreements.

Oil Company Franchise Tax Revenues

The Commission receives 14% of the additional 55 mills of the Commonwealth's Oil Company Franchise Tax revenues pursuant to Act 26 established in 1991. The revenues totaled \$135.2 million and \$132.3 million for the fiscal years ended May 31, 2024 and 2023, respectively. These revenues are kept in a separate fund as required by the applicable bond indenture.

Motor License Registration Fee Revenues

The Commission received \$28.0 million in registration fee revenue during each of the fiscal years ended May 31, 2024 and 2023 from the Commonwealth's Motor License Fund. These revenues are kept in a separate fund as required by the applicable bond indenture.

Reimbursements from Other Governments

The Commission receives grants from other governments for reimbursement of costs for various highway construction projects. The Commission did not receive any capital contributions from other governments during the fiscal year ended May 31, 2024. During the fiscal year ended May 31, 2023, the Commission recognized \$5.2 million as capital contributions from the other governments which was received from the Federal government.

Other Capital Contributions

The Commission entered into agreements with a food and a fuel provider to totally reconstruct the service plazas. The service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. The Commission recognized capital contribution revenues of \$4.8 million related to these agreements for both fiscal years ended May 31, 2024 and 2023. See Note 6 for further discussion on service plazas.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*Adoption of Accounting Pronouncements

In June 2017, the GASB issued Statement No. 87, *Leases*, with the intention of improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Commission adopted Statement No. 87 in these financial statements for its fiscal year ended May 31, 2023. The Commission recorded the cumulative effect of applying this Statement as of June 1, 2021 (the beginning of the previous financial statement period); there was no effect on beginning net position. The effect on beginning balances on the Statement of Net Position were as follows:

Description	May 31, 2021 as Previously Reported	Beginning Balance Restatement	June 1, 2021 as Restated
		<i>(in thousands)</i>	
		<i>[Debits / (Credits)]</i>	
Statement of Net Position			
Accounts receivable (unrestricted)	\$ 118,340	\$ 749	\$ 119,089
Other assets	27,084	39,704	66,788
Unearned income	(105,702)	90	(105,612)
Other noncurrent liabilities	(278,928)	384	(278,544)
Deferred inflows of resources from leases	-	(40,927)	(40,927)
Net position	7,274,968	-	7,274,968

The adjustment to accounts receivable and other assets are related to the current and noncurrent portions of the lease receivable, respectively. The adjustment to unearned income and other noncurrent liabilities were related to prepaid rent amounts that were reclassified to deferred inflows of resources from leases.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Adoption of Accounting Pronouncements *(continued)*

The effect of adopting GASB Statement No. 87 on the Statement of Net Position as of May 31, 2022, and on the Statement of Changes in Net Position for the year ended May 31, 2022, were as follows:

Description	May 31, 2022 as Previously Reported	Beginning Balance Restatement	FY22 Restatement Activity	May 31, 2022 as Restated
		<i>(in thousands)</i>		
		<i>[Debits / (Credits)]</i>		
Statement of Net Position				
Accounts receivable (unrestricted)	\$ 125,931	\$ 749	\$ 10	\$ 126,690
Other assets	27,581	39,704	(706)	66,579
Unearned income	(117,989)	90	7	(117,892)
Other noncurrent liabilities	(149,588)	384	(110)	(149,314)
Deferred inflows of resources from leases	-	(40,927)	1,653	(39,274)
Net position	7,737,808	-	(854)	7,736,954
Statement of Changes in Net Position				
Other operating revenue	(47,603)	-	320	(47,283)
Investment (earnings) loss	72,757	-	(1,166)	71,591
Other nonoperating (revenues) expenses	(21,495)	-	(8)	(21,503)
Net position	7,737,808	-	(854)	7,736,954

See the additional disclosures in Note 7 as required by this Statement.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, with the intention of improving financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)Adoption of Accounting Pronouncements (*continued*)

The Commission adopted Statement No. 96 in these financial statements for its fiscal year ended May 31, 2024. There was no effect on beginning net position as of June 1, 2022. The effect of adopting GASB Statement No. 96 on the Statement of Net Position as of May 31, 2023, and on the Statement of Changes in Net Position for the year ended May 31, 2023, were as follows:

Description	May 31, 2023 as Previously Reported	FY23 Restatement Activity	May 31, 2023 as Restated
	(in thousands)		
	[Debits / (Credits)]		
Statement of Net Position			
Right-to-use - subscriptions	\$ -	\$ 6,723	\$ 6,723
Accumulated depreciation/amortization	(7,346,262)	(1,158)	(7,347,420)
Accounts payable and accrued liabilities	(631,735)	(1,904)	(633,639)
Other noncurrent liabilities	(105,509)	(3,136)	(108,645)
Net position	7,584,615	(525)	7,584,090
Statement of Changes in Net Position			
Cost of services	536,313	(1,755)	534,558
Depreciation/amortization	408,785	1,158	409,943
Other nonoperating revenues (expenses)	(12,728)	72	(12,656)
Net position	7,584,615	(525)	7,584,090

See the additional disclosures in Note 8 as required by this Statement.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Commission adopted the portions of Statement No. 99 related to leases, PPPs, and SBITAs for the fiscal year ending May 31, 2024. The adoption of these portions of this Statement were incorporated into the Commission's financial statements for the fiscal year ended May 31, 2024.

Accounting Pronouncements Not Yet Adopted

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The Commission is required to adopt the remaining portions of Statement No. 99 related to related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 for the fiscal year ending May 31, 2025.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62*. The Commission is required to adopt Statement No. 100 for the fiscal year ending May 31, 2025.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Accounting Pronouncements Not Yet Adopted (*continued*)

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The Commission is required to adopt Statement No. 101 for the fiscal year ending May 31, 2025.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The Commission is required to adopt Statement No. 102 for the fiscal year ending May 31, 2026.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The Commission is required to adopt Statement No. 102 for the fiscal year ending May 31, 2027.

The Commission has not yet completed the various analyses required to estimate the financial statement impact of these new pronouncements.

NOTE 3 INDENTURE REQUIREMENTS AND RESTRICTIONS

The Commission's debt has been issued under the provisions of five separate Trust Indentures (collectively referred to as Indentures):

- A Senior Trust Indenture dated July 1, 1986, which was amended and restated as of March 1, 2001, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- An Oil Franchise Tax Trust Indenture, dated August 1, 1998, as supplemented, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Registration Fee Revenue Trust Indenture, dated August 1, 2005, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee;
- A Subordinate Trust Indenture, dated April 1, 2008 as supplemented, between the Commission and Computershare Trust Company, N.A., as successor Trustee; and
- A Special Obligation Trust Indenture, dated September 1, 2014, between the Commission and U.S. Bank Trust Company, N.A., as successor Trustee.

Accordingly, certain activities of the Commission are restricted by these Indentures.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS

The following table is a summary of cash and cash equivalents and investments by type:

	May 31,	
	2024	2023
	<i>(In thousands)</i>	
<i>Cash and cash equivalents and investment types</i>		
U.S. Treasuries	\$ 1,523,808	\$ 1,589,975
GNMA mortgages	391	458
Government agency securities	40,244	110,714
Municipal bonds	21,072	27,316
Corporate obligations	138,154	176,008
	<hr/>	<hr/>
Total investment securities	1,723,669	1,904,471
Investment derivatives	4,758	2,493
Cash and cash equivalents	1,273,422	1,177,701
	<hr/>	<hr/>
Total cash and cash equivalents and investments	\$ 3,001,849	\$ 3,084,665

Cash and Cash Equivalents

Cash and cash equivalents are held in various financial institutions. Cash and cash equivalents are comprised of demand deposits, money market funds, and other highly liquid investments that mature within three months of acquisition. The demand deposits are secured under Pennsylvania Act 72 which secures public deposits in excess of the FDIC insurance limits. Cash equivalents consist of permitted investments in accordance with the Indentures as noted under cash equivalents and investment securities.

The following table is a summary of the Commission's cash and cash equivalents:

	Bank Balance	Book Balance
	<i>(In thousands)</i>	
<i>May 31, 2024</i>		
Demand deposits	\$ 21,571	\$ 19,045
Money market funds	992,383	992,383
Cash equivalents	261,994	261,994
	<hr/>	<hr/>
Total cash and cash equivalents	\$ 1,275,948	\$ 1,273,422
	<hr/>	<hr/>
<i>May 31, 2023</i>		
Demand deposits	\$ 30,863	\$ 29,164
Money market funds	889,458	889,458
Cash equivalents	259,079	259,079
	<hr/>	<hr/>
Total cash and cash equivalents	\$ 1,179,400	\$ 1,177,701
	<hr/>	<hr/>

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities

The following is a description of the valuation methodologies used for investment securities measured at fair value:

- As of May 31, 2024 and 2023, U.S. Treasuries of \$1,523.8 million and \$1,590.0 million, respectively, categorized as Level 1 are valued using quoted market prices.
- As of May 31, 2024 and 2023, GNMA mortgages of \$0.4 million and \$0.5 million, respectively, categorized as Level 2 are valued using models based on spreads of comparable securities.
- As of May 31, 2024 and 2023, government agency securities of \$40.2 million and \$110.7 million, respectively, categorized as Level 2 are valued using various market and industry inputs. Callable agency-issued debt securities are valued by benchmarking model-derived prices to quoted market prices and trade data for identical or comparable securities. The fair value of agency mortgage pass-through pool securities is model-driven based on spreads of a comparable security. Collateralized mortgage obligations are valued using quoted market prices and trade data adjusted by subsequent changes in related indices for identical or comparable securities.
- As of May 31, 2024 and 2023, municipal bonds of \$21.1 million and \$27.3 million, respectively, categorized as Level 2 are valued using recently executed transactions, market price quotations, and pricing models that factor in, where applicable, interest rates, bond or credit default swap spreads, and volatility.
- As of May 31, 2024 total corporate obligations were \$138.2 million and are categorized as Level 2. As of May 31, 2023, total corporate obligations were \$176.0 million. Of this amount, \$18.2 million was a guaranteed investment contract, which was valued at the contract value. The remaining \$157.8 million was categorized as Level 2. These level 2 investments are valued using recently executed transactions, market price quotations (where observable), bond spreads, credit default swap spreads at the money volatility and/or volatility skew obtained from independent external parties, such as vendors and brokers adjusted for any basis difference between cash and derivative instruments. The spread data used are for the same maturity as the bond.
- As of May 31, 2024 and 2023, investment derivative instruments of \$4.8 million and \$2.5 million, respectively, categorized as Level 2 are valued using discounted future net cash flows, mid-market values, nonperformance risk, and bid/offer spreads. See Note 11 for further discussion.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS *(continued)*

Cash Equivalents and Investment Securities *(continued)*

The Indentures (as listed in Note 3) permit investments in obligations of, or are guaranteed by, the United States of America, its agencies, and its instrumentalities (United States Government obligations); certificates of deposit issued by institutions insured by the FDIC or fully collateralized with United States Government obligations; investment agreements with certain financial institutions; commercial paper and asset-backed securities rated in the highest category by applicable rating agencies; money market funds and auction rate certificates rated in one of the two highest categories by applicable rating agencies; corporate bonds and medium-term notes with a minimum rating of 'AA-'; investments in bonds or notes issued by any state or municipality which are rated by Moody's Investors Service (Moody's), Standard & Poor's Ratings Group (S&P) and Fitch Investors Service (Fitch) in one of their two highest rating categories; and repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York collateralized with obligations of, or guaranteed by, the United States of America.

The Commission has an investment policy that defines guidelines and operational factors governing the investment of financial assets. The policy generally has the same restrictions regarding permitted investments as the Indentures. Permitted investments include:

- U.S. Treasury Bills, Notes, Bonds, Strips;
- Time Deposits issued by a banking association organized and doing business under the laws of the United States of America or of any state that may have a combined capital and surplus of at least \$50.0 million;
- Certificates of Deposit that are fully collateralized and issued by a bank, savings and loan or trust company organized under the laws of the United States or any state thereof;
- Investment Agreements with a bank, a bank holding company or a financial institution that has outstanding unsecured obligations or uncollateralized long-term debt obligations rated in the 'AA' category or better by at least two of the three rating agencies (S&P, Moody's, and Fitch);
- Obligations of any federal agencies which obligations are backed by the full faith and credit of the United States of America;
- Senior debt obligations rated a minimum 'AA' by S&P and 'Aa2' by Moody's issued by the following government-sponsored enterprises: Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association;

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities (*continued*)

- Mortgage-backed securities issued by an approved federal agency and collateralized mortgage obligations, so long as such securities are rated a minimum of 'Aa2' by Moody's and 'AA' by S&P;
- Debt obligations of any state or local government entity, whether for itself, or as a conduit issuer, provided that the securities are rated in the 'Aa/AA' category by at least two of S&P, Moody's, and Fitch and do not have a rating from any of S&P, Moody's, and Fitch below the 'Aa/AA' category (without regard to subcategories of ratings), and provided that if a short-term rating is provided for the securities that they are rated in the top tier by at least two of the three of S&P ('A-1' or better), Moody's ('VMIG1' or 'P1'), and Fitch ('F1') and do not have a rating from any of the three rating agencies below such levels.
- Commercial paper rated by at least two of S&P, Moody's, and Fitch and not less than 'A-1/P-1/F-1' by S&P, Moody's, and Fitch, respectively;
- Corporate bonds rated 'Aa3/AA-' or better by Moody's and S&P;
- Asset-backed securities rated 'AAA' by Moody's and S&P;
- Repurchase agreements with banks or primary government dealers reporting to the Federal Reserve Bank of New York, collateralized by investments with a minimum 102% valuation in securities of U.S. Treasury bills, notes, bonds, strips, or obligations of any federal agencies or senior debt obligations described above; and
- Share or Certificates in any short-term investment fund that invests not less than 90% of its assets in obligations of U.S. Treasury bills, notes, bonds, strips, or time deposits.

All investment ratings shall be based on security ratings at the time of purchase. The portfolio's average credit quality should be rated 'Aa3/AA-' or better by Moody's/S&P. Investments are generally purchased with the intent of holding to maturity, but the Portfolio Managers have the flexibility to restructure and rebalance portfolio holdings to manage risk and take advantage of market opportunities. The investment policy imposes the following diversifications:

- No limitations are placed on investments carrying the full faith and credit of the U.S. Government, including repurchase agreements collateralized by such investments.
- Investments in any single federal agency, not carrying the full faith and credit of the U.S. Government, are limited to 35% of the portfolio.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS (*continued*)

Cash Equivalents and Investment Securities (*continued*)

- Investments in certificates of deposit and investment agreements in total are limited to 30% of the portfolio.
- Combined exposure to commercial paper, corporate bonds, and asset-backed securities is limited to 35% of the total portfolio.
- Investments in any single issuer (excluding U.S. Treasury and federal agencies) are limited to 5% of the portfolio.

The Commission's Investment Policy also states that at the time of purchase, the maturity of each security in the Portfolio may not exceed five (5) years, taking into account any call, put, prepayment, or other features that may impact maturity. Similarly, the weighted average life of mortgages and asset-backed securities may not be more than five years. As of May 31, 2024 and 2023, the Commission did not hold any securities that were not in compliance with the Investment Policy guidelines.

Credit Risk

The Commission's exposure to credit risk for investment securities is as follows:

Investment Type	Quality Rating as of May 31, 2024					Total
	AAA	AA	A	A-1	Below A	
	<i>(In thousands)</i>					
Government agency securities	\$ 319	\$ 39,925	\$ -	\$ -	\$ -	\$ 40,244
Municipal bonds	8,131	7,662	5,279	-	-	21,072
Corporate obligations	22,610	97,683	2,955	14,871	35	138,154
	<u>\$ 31,060</u>	<u>\$ 145,270</u>	<u>\$ 8,234</u>	<u>\$ 14,871</u>	<u>\$ 35</u>	<u>\$ 199,470</u>

Investment Type	Quality Rating as of May 31, 2023					Total
	AAA	AA	A	A-1	Below A	
	<i>(In thousands)</i>					
Government agency securities	\$ 16,607	\$ 94,107	\$ -	\$ -	\$ -	\$ 110,714
Municipal bonds	7,878	8,061	11,377	-	-	27,316
Corporate obligations	75,678	77,395	8,016	14,878	41	176,008
	<u>\$ 100,163</u>	<u>\$ 179,563</u>	<u>\$ 19,393</u>	<u>\$ 14,878</u>	<u>\$ 41</u>	<u>\$ 314,038</u>

Investments guaranteed by the full faith of the U.S. Government, such as U.S. Treasuries and GNMA mortgages, are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of Credit Risk

As of May 31, 2024 and 2023, the Commission did not have any investments that violated the 5% limit for a single issuer or the other concentration of credit risk limitations in the Commission's investment policy noted above.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS *(continued)*Interest Rate Risk

The effective duration of the Commission's investments, by type, is as follows:

<u>Investment Type</u>	<u>As of May 31, 2024</u>	
	<u>Fair Value</u> <i>(In thousands)</i>	<u>Effective Duration</u> <i>(In years)</i>
U.S. Treasuries	\$ 1,523,808	1.1281
GNMA mortgages	391	4.3053
Government agency securities	40,244	1.8012
Municipal bonds	21,072	0.9854
Corporate obligations	138,154	1.2765
Total investment securities	\$ 1,723,669	

<u>Investment Type</u>	<u>As of May 31, 2023</u>	
	<u>Fair Value</u> <i>(In thousands)</i>	<u>Effective Duration</u> <i>(In years)</i>
U.S. Treasuries	\$ 1,589,975	1.2825
GNMA mortgages	458	4.3989
Government agency securities	110,714	0.9176
Municipal bonds	27,316	1.4869
Corporate obligations	176,008	1.2794
Total investment securities	\$ 1,904,471	

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that in the event of the failure of the counterparty, 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. As of May 31, 2024 and 2023, \$21.1 million and \$30.4 million, respectively, of the Commission's demand deposits were exposed to custodial credit risk, as they were uninsured and collateralized with securities held by an agent of the pledging financial institution but not in the Commission's name. None of the Commission's investments were exposed to custodial credit risk as of May 31, 2024 or 2023.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 4 CASH AND INVESTMENTS *(continued)*

Investment Derivative Instruments

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2024:

**	Notional Amount (thousands)	Weighted Avg. Mat. (years)	Effective Date	Maturity Date	Terms*	Fair Value (in thousands)	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	\$ 112,000					\$ (1,546)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000					(660)	Bank of New York Mellon	Aa2/AA-/AA
A	160,000	5.1	8/14/2003	12/1/2032	Pay SIFMA, receive 63% SOFR + 0.0721% +0.20%	(2,206)		
	80,000					(753)	JPMorgan Chase Bank	Aa2/A+/AA
	80,000					(753)	Royal Bank of Canada	Aa1/AA-/AA-
B	160,000	5.0	9/19/2006	11/15/2032	Pay 67% SOFR + 0.0767%, receive 60.15% of the 10 year Fallback Rate	(1,506)		
C	107,375	8.5	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% SOFR + 0.2608%	8,470	Goldman Sachs MMDP	Aa2/AA-/NR
						\$ 4,758		

Secured Overnight Financing Rate (SOFR) was 5.34% as of May 31, 2024.
10-year maturity of the USD-ISDA Fallback swap rate was 4.40268% as of May 31, 2024.
SIFMA was 3.36% as of May 31, 2024.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR was replaced by SOFR Fallback Rates for the applicable swap agreements, which is equal to SOFR compounded over the relevant term plus the adjustment spread determined by ISDA.

** Letters are used as references in Note 11 (Commitments and Contingencies).

The following table is a summary of the Commission's investment derivative instruments as of May 31, 2023:

**	Notional Amount (thousands)	Weighted Avg. Mat. (years)	Effective Date	Maturity Date	Terms	Fair Value (in thousands)	Counterparty	Credit Ratings Moody's/ S&P's/Fitch
	\$ 112,000					\$ (2,204)	JPMorgan Chase Bank	Aa2/A+/AA
	48,000					(939)	Bank of New York Mellon	Aa2/AA-/AA
A	160,000	6.1	8/14/2003	12/1/2032	Pay SIFMA, receive 63% of 1-month LIBOR + 20 bps	(3,143)		
	80,000					(657)	JPMorgan Chase Bank	Aa2/A+/AA
	80,000					(657)	Royal Bank of Canada	Aa1/AA-/AA-
B	160,000	6.0	9/19/2006	11/15/2032	Pay 67% of 1-month LIBOR receive 60.15% of the 10 year maturity of the USD-ISDA Swap Rate	(1,314)		
C	111,695	9.2	6/1/2010	6/1/2039	Pay SIFMA, receive 99.68% of 3-month LIBOR	6,950	Goldman Sachs MMDP	Aa2/AA-/NR
						\$ 2,493		

1-month LIBOR was 5.193% as of May 31, 2023.
3-month LIBOR was 5.51671% as of May 31, 2023.
10-year maturity of the USD-ISDA swap rate was 3.68% as of May 31, 2023.
SIFMA was 3.56% as of May 31, 2023.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR has been replaced subsequent to the fiscal 2023 year-end for applicable swap agreements.

** Letters are used as references in Note 11 (Commitments and Contingencies).

See Note 11 for additional disclosures regarding derivative instruments, including a rollforward from the prior-year balances.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2024 and 2023

NOTE 5 CAPITAL ASSETS

Summaries of changes to capital assets for the years ended May 31, 2024 and 2023 are as follows:

	Balance May 31, 2023 <u>RESTATED</u>	<u>Additions</u>	<u>Transfers</u> <i>(In thousands)</i>	<u>Reductions</u>	Balance May 31, 2024
<i>Capital assets not being depreciated/amortized (cost)</i>					
Land and intangibles	\$ 475,462	\$ 9,581	\$ -	\$ -	\$ 485,043
Assets under construction	1,481,794	1,107,850	(479,368)	14,158	2,096,118
Total capital assets not being depreciated/amortized	<u>1,957,256</u>	<u>1,117,431</u>	<u>(479,368)</u>	<u>14,158</u>	<u>2,581,161</u>
<i>Capital assets being depreciated/amortized (cost)</i>					
Buildings	1,099,651	-	76,630	-	1,176,281
Improvements other than buildings	190,080	-	6,343	-	196,423
Equipment	650,946	2,925	16,682	6,538	664,015
Infrastructure	10,613,104	-	379,713	127,883	10,864,934
Right to use - subscriptions ¹	6,723	6,207	-	-	12,930
Total capital assets being depreciated/amortized	<u>12,560,504</u>	<u>9,132</u>	<u>479,368</u>	<u>134,421</u>	<u>12,914,583</u>
<i>Less accumulated depreciation/amortization for</i>					
Buildings	531,862	28,278	-	-	560,140
Improvements other than buildings	113,063	8,664	-	-	121,727
Equipment ¹	517,085	37,293	-	6,526	547,852
Infrastructure	6,184,440	339,644	-	127,883	6,396,201
Right to use - subscriptions ¹	970	3,153	-	-	4,123
Total accumulated depreciation/amortization	<u>7,347,420</u>	<u>417,032</u>	<u>-</u>	<u>134,409</u>	<u>7,630,043</u>
Total capital assets being depreciated/amortized, net	<u>5,213,084</u>	<u>(407,900)</u>	<u>479,368</u>	<u>12</u>	<u>5,284,540</u>
Total capital assets	<u>\$ 7,170,340</u>	<u>\$ 709,531</u>	<u>\$ -</u>	<u>\$ 14,170</u>	<u>\$ 7,865,701</u>
	Balance May 31, 2022 <u>RESTATED</u>	<u>Additions</u>	<u>Transfers</u> <i>(In thousands)</i>	<u>Reductions</u>	Balance May 31, 2023
<i>Capital assets not being depreciated/amortized (cost)</i>					
Land and intangibles	\$ 460,908	\$ 14,554	\$ -	\$ -	\$ 475,462
Assets under construction	1,369,762	777,092	(665,060)	-	1,481,794
Total capital assets not being depreciated/amortized	<u>1,830,670</u>	<u>791,646</u>	<u>(665,060)</u>	<u>-</u>	<u>1,957,256</u>
<i>Capital assets being depreciated/amortized (cost)</i>					
Buildings	1,034,358	-	65,293	-	1,099,651
Improvements other than buildings	189,597	-	483	-	190,080
Equipment	626,570	15,243	13,764	4,631	650,946
Infrastructure	10,107,010	-	585,520	79,426	10,613,104
Right to use - subscriptions ¹	-	6,723	-	-	6,723
Total capital assets being depreciated/amortized	<u>11,957,535</u>	<u>21,966</u>	<u>665,060</u>	<u>84,057</u>	<u>12,560,504</u>
<i>Less accumulated depreciation/amortization for</i>					
Buildings	506,685	25,177	-	-	531,862
Improvements other than buildings	104,547	8,516	-	-	113,063
Equipment ¹	481,076	39,352	-	3,343	517,085
Infrastructure	5,924,715	335,928	-	76,203	6,184,440
Right to use - subscriptions ¹	-	970	-	-	970
Total accumulated depreciation/amortization	<u>7,017,023</u>	<u>409,943</u>	<u>-</u>	<u>79,546</u>	<u>7,347,420</u>
Total capital assets being depreciated/amortized, net	<u>4,940,512</u>	<u>(387,977)</u>	<u>665,060</u>	<u>4,511</u>	<u>5,213,084</u>
Total capital assets	<u>\$ 6,771,182</u>	<u>\$ 403,669</u>	<u>\$ -</u>	<u>\$ 4,511</u>	<u>\$ 7,170,340</u>

¹ The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for the further discussion on fiscal year 2023 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 6 SERVICE CONCESSION ARRANGEMENTS

There are 17 service plazas along the Turnpike System providing gasoline and diesel fuel, other automotive supplies and services, and restaurant services. The Commission entered into long-term service plaza redevelopment agreements with HMSHost Family Restaurants, LLC (2006) and with Sunoco, Inc. (R&M) to design, reconstruct, finance, operate and maintain all the service plazas. These service concession arrangements do not fall within the scope of GASB Statement No. 87, Leases, which is discussed in Note 7. The Commission has no responsibility for maintaining the service plazas under the agreements. The Commission maintains the ability to approve and/or modify the services that the operators can provide and the rates that can be charged. The service plaza operators are compensated by the users of the services and share a portion of the revenue with the Commission as rental payments. Upon completion of construction, the reconstructed assets were recognized by the Commission.

In 2016, Sunoco, Inc. (R&M) assigned its lease to Sunoco Retail LLC, a wholly owned subsidiary of Sunoco, Inc. (R&M). During fiscal year 2018, the agreement with Sunoco Retail LLC was assigned to 7-Eleven, Inc. All terms of the agreement remained the same.

On July 13, 2021, the Commission approved and executed a Consent to Transfer of Lease Agreement with HMSHost Family Restaurants, LLC (with an effective date of July 23, 2021), whereby HMSHost transferred its leasehold to Applegreen USA Family Restaurants, LLC, a consortium of Applegreen Ltd. and Blackstone Infrastructure Partners. Upon closing of the transfer on July 23, 2021, the agreement with Applegreen USA Family Restaurants, LLC was then subsequently assigned to Applegreen PA Welcome Centres LLC, also effective as of July 23, 2021. This final step was finalized during fiscal year 2023 but is retroactive to July 23, 2021. This agreement expires on August 25, 2036.

The agreement with 7-Eleven, Inc. was set to expire on January 31, 2022. 7-Eleven Inc.'s agreement states it can be extended for three additional five-year periods. The first extension shall be at the discretion of 7-Eleven, Inc., and the second and third extensions shall be mutually agreed to by both parties. On September 21, 2021, the Commission approved an amendment to the agreement with 7-Eleven, Inc. to exercise its option to renew the service plaza agreement for an additional five years, with an expiration date of January 31, 2027. The amendment was approved by the PA Attorney General's office on October 6, 2021. Due to this extension, the guaranteed minimum rent net present value calculation was modified to include the additional future amounts expected.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 6 SERVICE CONCESSION ARRANGEMENTS *(continued)*

As of May 31, 2024, the Commission had capitalized \$125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of \$58.9 million related to these assets. Also, as of May 31, 2024, the Commission recognized a receivable and deferred inflow of resources in the amount of \$23.7 million for the present value of guaranteed minimum rent payments. The Commission also recognized \$2.2 million of restaurant revenue and \$2.6 million of service station revenue for the fiscal year ended May 31, 2024 related to these agreements.

As of May 31, 2023, the Commission had capitalized \$125.4 million in capital assets representing all 17 service plazas that had fully completed construction and recorded deferred inflows of resources of \$63.7 million related to these assets. Also, as of May 31, 2023, the Commission recognized a receivable and deferred inflow of resources in the amount of \$25.7 million for the present value of guaranteed minimum rent payments. The Commission also recognized \$2.2 million of restaurant revenue and \$2.6 million of service station revenue for the fiscal year ended May 31, 2023 related to these agreements.

NOTE 7 LEASES

The Commission is the lessor for advertising, cell tower, gas royalty and other miscellaneous leases. The miscellaneous category includes, but is not limited to, leases such as commercial, residential, agricultural and license agreements. The lease terms range from one month to 70 years. The most common lease term is ten years. Most of the leases have fixed percentage rent increases but some are based on the Consumer Price Index. One cell tower lease has a variable sublease component of which the Commission receives a fixed percentage of revenue generated by the subtenants. Two cell tower leases are currently in rent abatement status, with one scheduled to end in 2025 and the other in 2027. Gas royalty revenues are variable based on oil and gas production volumes. Therefore, revenues will fluctuate based on changes in production volumes. During the fiscal year ended May 31, 2024, one gas royalty lease and two amendments to existing leases were executed that included upfront payments. One miscellaneous lease includes a variable component related to sublots which requires the lessee to pay the greater of a minimum lease payment (included in the lease receivable) or a fixed percentage of the gross rental income received from the sublots.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 7 LEASES (*continued*)

For the fiscal year ended May 31, 2024, the Commission recognized \$5.8 million in lease revenue and \$1.4 million in interest revenue related to these leases. For the fiscal year ended May 31, 2023, the Commission recognized \$6.3 million in lease revenue and \$1.2 million in interest revenue related to these leases. The Commission's total receivable for lease payments was \$48.2 million as of May 31, 2024 of which \$1.6 million is considered short term. The Commission's receivable for lease payments was \$39.7 million as of May 31, 2023 of which \$0.8 million is considered short term. The Commission also recorded deferred inflows of resources associated with these leases that will be recognized as revenue over the lease term. As of May 31, 2024 and 2023, the balance of the deferred inflows of resources was \$47.0 million and \$38.4 million, respectively.

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Commission has entered into several software contracts that meet the criteria for subscription-based information technology arrangements (SBITAs) under GASB Statement No. 96. These software contracts convey control of the right to use a vendor's IT software for a period of time in an exchange or exchange-like transaction. The Commission is required to recognize these SBITAs as a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability. The subscription terms of the software contracts range from two to ten years with most being three years.

One contract has a variable component in which the Commission has a minimum usage commitment that is included as part of the subscription liability. The Commission paid \$6,500 above the minimum commitment for this contract during the fiscal year ended May 31, 2024. No variable payments were made during the fiscal year ended May 31, 2023.

As of May 31, 2024, the Commission recognized right-to-use subscription assets of \$12.9 million, \$4.1 million of accumulated amortization related to the right-to-use subscription assets and a total liability of \$5.7 million of which \$3.0 million is considered short term. For the fiscal year ended May 31, 2024, the Commission recognized \$3.2 million in amortization expense and \$0.2 million of interest expense related to the right-to-use subscription assets.

As of May 31, 2023, as restated, the Commission recognized right-to-use subscription assets of \$6.7 million, \$1.0 million of accumulated amortization related to the right-to-use subscription assets and a total liability of \$5.0 million of which \$1.9 million is considered short term. For the fiscal year ended May 31, 2023, the Commission recognized \$1.0 million in amortization expense and \$0.1 million of interest expense related to the right-to-use subscription assets.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 8 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS
(continued)

Principal and interest requirements to maturity, related to the May 31, 2024 subscription liability of \$5.7 million, are as follows:

<u>Year Ending</u> <u>May 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	<i>(in thousands)</i>		
2025	\$ 3,001	\$ 196	\$ 3,197
2026	1,356	98	1,454
2027	346	55	401
2028	305	40	345
2029	320	26	346
2030-2034	362	11	373
	<u>\$ 5,690</u>	<u>\$ 426</u>	<u>\$ 6,116</u>

As of May 31, 2024, the Commission has entered into two software contracts for which the SBITA term has not yet commenced. The two contracts total \$4.3 million of which \$1.0 million is included in assets under construction. The future commitment on these contracts not yet included in the subscription liability is \$3.3 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT

The following table is a summary of debt outstanding:

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Mainline Senior Debt</i>		
<i>Mainline Senior Bonds</i>		
2009 Series A Build America Bonds: Issued \$275,000 in July 2009 at 6.105%, due in varying installments through June 1, 2039. Interest paid each June 1 and December 1.	\$ 275,000	\$ 275,000
2010 Series B Build America Bonds: Issued \$600,000 in September 2010 at 5.5%, due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	600,000	600,000
2011 Series A: Issued \$68,660 in April 2011 at 4.00% to 5.00% due in varying installments through December 1, 2023. Interest paid each June 1 and December 1. Partially defeased in May 2019 and November 2020. Partially refunded in November 2021.	-	10,000
2012 Series A: Issued \$200,215 in July 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017 and January 2020. Partially defeased in May 2019 and November 2020.	5,680	10,670
2013 Series C: Issued \$222,935 in August 2013 at 3.00% to 5.50%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in October 2017, December 2017, January 2020, September 2022 and September 2023. Partially defeased in November 2020.	-	18,605
2014 Series A: Issued \$236,115 in April 2014 at 4.00% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017 and September 2022. Partially defeased in November 2020.	212,145	213,955
2014 Series Refunding: Issued \$239,620 in November 2014 at 5.00%, due in varying installments through December 1, 2034. Interest paid each June 1 and December 1. Partially refunded in September 2022.	98,790	98,790
2014 Series C: Issued \$294,225 in December 2014 at 2.25% to 5.00%, due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in October 2017 and September 2022. Partially defeased in November 2020.	235,355	235,405
2015 Series A-1: Issued \$385,095 in June 2015 at 4.00% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in September 2022.	313,445	338,450
2015 Series B: Issued \$304,005 in December 2015 at 2.50% to 5.00%, due in varying installments through December 1, 2045. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in September 2022.	288,605	291,505
2016 Series A-1: Issued \$447,850 in June 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	441,705	444,310
2017 Series A-1: Issued \$365,895 in October 2017 at 3.00% to 5.00% due in varying installments through December 1, 2047. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	327,515	334,665
2017 Series A-2 Refunding: Issued \$133,060 in October 2017 at 5.00% due in varying installments through December 1, 2030. Interest is paid each June 1 and December 1.	133,060	133,060
2018 Series A-1: Issued \$182,455 in June 2018 at a variable rate (based on SIFMA + .35% to .60%, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2023. Partially refunded in June 2020 and July 2021. Fully refunded in November 2023.	-	117,745
2018 Series A-2: Issued \$307,935 in June 2018 at 5% due in varying installments through December 1, 2048. Interest is paid each June 1 and December 1.	305,845	307,110
2018 Series B: Issued \$141,200 in November 2018 at a variable rate (based on SIFMA + .50% to .70 %, reset weekly, paid the 1st of each month). Due in varying installments through December 1, 2023. Partially refunded in July 2021. Fully refunded in November 2023.	-	71,200
2019 First Series: Issued \$84,365 in February 2019 at 5% due in varying installments through December 1, 2033. Interest is paid each June 1 and December 1.	84,365	84,365
2019 Second Series: Issued \$139,815 in June 2019 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2038.	139,815	139,815
2019 Series A: Issued \$341,325 in August 2019 at 2.00% to 5.00% due in varying installments through December 1, 2049. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	318,035	324,290
2019 Forward Delivery Series: Issued \$179,815 in September 2019 at 5.00% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1. Partially defeased in November 2020.	65,835	96,435
2020 First Series: Issued \$234,320 in January 2020 at 1.81% to 3.44% due in varying installments through December 1, 2043. Interest is paid each June 1 and December 1. Partially refunded in September 2022.	209,900	210,775

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Mainline Senior Debt (continued)</i>		
<i>Mainline Senior Bonds (continued)</i>		
2020 Second Series: Issued \$225,820 in June 2020 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in one installment on December 1, 2039.	\$ 225,820	\$ 225,820
2020 Series A: Issued \$100,500 in August 2020 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in varying installments through December 1, 2050.	93,540	95,920
2020 Series B: Issued \$241,625 in October 2020 at 5.00% due in varying installments through December 1, 2050. Interest is paid each June 1 and December 1.	237,490	241,625
2021 Series A: Issued \$250,000 in April 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1.	241,555	245,840
2021 Series B: Issued \$385,800 in July 2021 at 4.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1.	376,265	381,150
2021 Series C: Issued \$275,000 in November 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest is paid each June 1 and December 1.	254,560	269,055
2022 Series A: Issued \$254,730 in September 2022 at 4.125% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1.	254,730	254,730
2022 Series B: Issued \$293,840 in December 2022 at 5.00% to 5.25% due in varying installments through December 1, 2052. Interest is paid each June 1 and December 1.	289,395	293,840
2023 Series A: Issued \$400,000 in September 2023 at 4.25% to 5.25% due in varying installments through December 1, 2053. Interest is paid each June 1 and December 1.	400,000	-
2023 Series B: Issued \$190,125 in November 2023 at a variable rate (determined by the Remarketing Agent in accordance with the procedures detailed in the Bond Official Statement, paid the 1st of each month). Due in varying installments through December 1, 2043.	190,125	-
2024 Series A: Issued \$205,835 in January 2024 at 5.00% due in varying installments through December 1, 2044. Interest is paid each June 1 and December 1.	205,835	-
Total Mainline Senior Bonds	6,824,410	6,364,130
<i>Mainline Senior Direct Placements & Direct Borrowings</i>		
2018 EB-5 Loan (2nd Tranche): Issued \$45,000 in November 2018 at 2.00% due on November 12, 2023. Interest is paid each June 1 and December 1. Fully refunded in September 2023.	-	45,000
2019 EB-5 Loan (3rd Tranche): Issued \$52,000 in November 2019 at 2.00% due on November 5, 2024. Interest is paid each June 1 and December 1.	52,000	52,000
2020 EB-5 Loan (4th Tranche): Issued \$36,500 in January 2020 at 2.00% due on January 21, 2025. Interest is paid each June 1 and December 1.	36,500	36,500
2024 Series B: Issued \$90,000 in February 2024 at 2.00% to 4.00% due in varying installments through on December 1, 2054. Interest is paid each June 1 and December 1.	90,000	-
Total Mainline Senior Direct Placements & Direct Borrowings	178,500	133,500
Total Mainline Senior Debt	7,002,910	6,497,630
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)</i>		
<i>Mainline Subordinate Revenue Debt</i>		
<i>Mainline Subordinate Bonds</i>		
2009 Series C Subordinate Revenue: Issued \$99,998 in July 2009 at 6.25%, due in varying installments through June 1, 2033. Interest compounded semi-annually until June 1, 2016, thereafter paid each June 1 and December 1. Series C issued as Capital Appreciation Bonds (CABs). Compounded interest to be paid at maturity or earlier redemption. Partially refunded in March 2023.	126,080	126,080
2009 Series E Subordinate Revenue: Issued \$200,005 in October 2009 at 6.00% to 6.375%, due in varying installments through December 1, 2038. Interest compounded semi-annually until December 1, 2017, thereafter paid each June 1 and December 1. Series E issued as CABs. The compounded interest to be paid at maturity or earlier redemption. Partially refunded in March 2023.	281,625	281,625

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
Mainline Subordinate Bonds (continued)		
2010 Sub-Series C-1, C-2, C-3 Subordinate Revenue: Issued \$138,916 in October 2010 at 4.25% to 5.45%. Sub-Series C-1 due in varying installments through December 1, 2040. Sub-Series C-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub Series C-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-series C-2 partially refunded in June 2016, July 2017 and final refunding in November 2017. Sub-Series C-1 partially refunded in December 2017 and final refunding in November 2019. Sub-Series C-3 partially defeased in November 2020.	\$ 8,866	\$ 12,987
2012 Series B Subordinate Revenue: Issued \$121,065 in October 2012 at 2.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in December 2017, November 2019 and February 2020. Partially defeased in November 2020.	40,075	43,950
2013 Series A Subordinate Revenue: Issued \$71,702 in April 2013 at 3.125% to 5.00%, due in varying installments through December 1, 2043. Sub-Series A-1 Serial bond interest paid each June 1 and December 1. Sub-Series A-1 Term bond interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2018, thereafter paid each June 1 and December 1. Partially refunded February 2020. Partially defeased in November 2020.	46,720	48,400
2013 Sub-Series B-1, B-2, B-3 Subordinate Revenue: Issued \$108,708 in October 2013 at 2.00% to 6.10%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Sub-Series B-3 partially refunded in December 2017, February 2020 and March 2023. Sub Series B-1 partially refunded in February 2020. Sub Series B-1 partially defeased in November 2020.	84,839	84,770
2014 Sub-Series A-1, A-2, A-3 Subordinate Revenue: Issued \$148,300 in April 2014 at 2.00% to 5.44%, due in varying installments through December 1, 2043. Sub-Series A-1 interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest to be compounded semi-annually until June 1, 2024, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-Series A-1 partially defeased in November 2020. Sub-Series A-1 partially refunded in March 2023.	129,167	126,411
2014 Series B Subordinate Revenue: Issued \$201,395 in October 2014 at 5.00% to 5.25% due in varying installments through December 1, 2044. Interest paid each June 1 and December 1. Partially refunded in March 2023.	136,215	136,215
2015 Series A-1 Subordinate Revenue: Issued \$209,010 in April 2015 at 3.00% to 5.25% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in March 2023.	180,000	181,900
2015 Series B Subordinate Revenue: Issued \$192,215 in October 2015 at 4.00% to 5.00% due in varying installments through December 1, 2045. Interest is paid each June 1 and December 1. Partially refunded in July 2017, November 2017 and December 2017. Partially defeased in November 2020. Partially refunded in March 2023.	104,145	105,660
2016 First Series Subordinate Revenue Refunding: Issued \$360,990 in February 2016 at 3.00% to 5.00% due in varying installments through June 1, 2038. Interest is paid each June 1 and December 1. Partially defeased in May 2020. Partially refunded in March 2023.	190,200	202,100
2016 Series A-1 Subordinate Revenue: Issued \$203,700 in April 2016 at 3.00% to 5.00% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023.	176,965	178,430
2016 Series A-2 Subordinate Revenue: Issued \$185,455 in April 2016 at 5.00% due in varying installments through June 1, 2033. Interest is paid each June 1 and December 1.	156,950	185,455
2016 Second Series Subordinate Revenue Refunding: Issued \$649,545 in June 2016 at 3.00% to 5.00% due in varying installments through June 1, 2039. Interest is paid each June 1 and December 1.	583,295	615,670
2016 Third Series Sub-Series A Subordinate Revenue Refunding: Issued \$255,455 in October 2016 at 3.375% to 5.00% due in varying installments through December 1, 2041. Interest is paid each June 1 and December 1.	255,455	255,455
2016 Third Series Sub-Series B Subordinate Revenue Refunding (Federally Taxable): Issued \$75,755 in October 2016 at 1.175% to 2.928% due in varying installments through December 1, 2025. Interest is paid each June 1 and December 1.	20,160	29,840
2017 Series A Subordinate Revenue: Issued \$284,275 in January 2017 at 4.00% to 5.50% due in varying installments through December 1, 2046. Interest is paid each June 1 and December 1. Partially refunded in March 2023.	204,515	206,010
2017 Series B-1 Subordinate Revenue: Issued \$379,115 in July 2017 at 5.00% To 5.25%. Due in varying installments through June 1, 2047. Interest paid each June 1 and December 1.	377,830	378,805
2017 Series B-2 Subordinate Revenue: Issued \$371,395 in July 2017 at 4.00% to 5.00%. Due in varying installments through June 1, 2039. Interest paid each June 1 and December 1. Partially defeased in May 2020.	368,315	370,335

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
Mainline Subordinate Bonds (continued)		
2017 Second Series Subordinate Revenue Refunding: Issued \$150,425 in November 2017 at 5.00%. Due in varying installments through December 1, 2037. Interest paid each June 1 and December 1.	\$ 150,425	\$ 150,425
2017 Third Series Subordinate Revenue Refunding: Issued \$143,585 in December 2017 at 4.00% to 5.00%. Due in varying installments through December 1, 2040. Interest paid each June 1 and December 1.	143,585	143,585
2019 Series A Subordinate Revenue: Issued \$722,970 in June 2019 at 4.00% to 5.00%. Due in varying installments through December 1, 2049. Interest paid each June 1 and December 1.	722,970	722,970
2019 First Series Subordinate Revenue Refunding (Federally Taxable): Issued \$86,730 in November 2019 at 2.16% to 3.78%. Due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023.	78,690	79,125
2020 First Series Subordinate Revenue Refunding (Federally Taxable): Issued \$134,310 in February 2020 at 1.81% to 3.45%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially defeased in November 2020. Partially refunded in March 2023.	115,985	116,320
2021 Series A Subordinate Revenue: Issued \$465,730 in January 2021 at 3.00% to 4.00%. Due in varying installments through December 1, 2050. Interest paid each June 1 and December 1.	465,730	465,730
2021 Series B Subordinate Revenue: Issued \$393,790 in July 2021 at 3.00% to 5.00%. Due in varying installments through December 1, 2051. Interest paid each June 1 and December 1.	393,790	393,790
2023 First Series Subordinate Revenue Refunding: Issued \$343,800 in March 2023 at 5.00%. Due in varying installments through December 1, 2043. Interest paid each June 1 and December 1.	343,800	343,800
Total Mainline Subordinate Bonds	5,886,392	5,985,843
<i>Mainline Subordinate Direct Placements & Direct Borrowings</i>		
2022 First Series Subordinate Revenue Refunding: Issued \$291,850 in April 2022 at a variable rate (based on SIFMA + .37% reset weekly, paid the 1st of each month commencing on June 1, 2022). Due in varying installments through December 1, 2041.	291,850	291,850
Total Mainline Subordinate Direct Placements & Direct Borrowings	291,850	291,850
Total Mainline Subordinate Debt	6,178,242	6,277,693

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
<i>Motor License Fund-Enhanced Subordinate Special Revenue Debt</i>		
2010 Sub-Series A-1, A-2, A-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$187,816 in July 2010 at 4.50% to 5.50%. Sub-Series A-1 due in varying installments through December 1, 2038. Interest paid each June 1 and December 1. Sub-Series A-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series A-3 issued as CABs. Compounded interest to be paid at maturity or earlier redemption. Sub-Series A-2 was partially refunded in October 2016 and final refunding in November 2017. Sub-Series A-1 was partially refunded in November 2017 and final refunding in December 2017.	\$ 53,620	\$ 50,884
2010 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$105,299 in October 2010 at 3.95% to 5.125%, due in varying installments through December 1, 2040. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest compounded semi-annually until December 1, 2015, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 issued as CABs with interest paid at maturity or earlier redemption. Sub-Series B-2 was partially refunded in October 2016 and July 2017 and final refunding in November 2017. Sub-Series B-1 was partially refunded in December 2017, November 2019 and fully refunded in February 2020.	9,049	13,278
2012 Series B Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$92,780 in October 2012 at 3.00% to 5.00%, due in varying installments through December 1, 2042. Interest paid each June 1 and December 1. Partially refunded in July 2017 and December 2017, November 2019 and February 2020.	12,025	13,795
2013 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$92,465 in April 2013 at 3.00% to 5.00%, due in varying installments through December 1, 2043. Interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017, November 2019 and February 2020.	500	2,495
2013 Sub-Series B-1, B-2, B-3 Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$101,731 in October 2013 at 2.00% to 5.875%, due in varying installments through December 1, 2043. Sub-Series B-1 interest paid each June 1 and December 1. Sub-Series B-2 issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2028, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption. Sub-Series B-3 interest paid each June 1 and December 1. Partially refunded in July 2017, November 2017, December 2017 and February 2020.	46,620	46,768
2014 Series A Motor License Fund-Enhanced Subordinate Special Revenue: Issued \$59,740 in April 2014 at 4.50% to 4.90%, due in varying installments through December 1, 2044. Series A were issued as convertible CABs. Interest to be compounded semi-annually until December 1, 2021, thereafter paid each June 1 and December 1. Compound interest paid at maturity or earlier redemption.	84,940	84,940
2016 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$79,865 in October 2016 at 5.00% due in varying installments through December 1, 2036. Interest is paid each June 1 and December 1.	73,975	76,990
2017 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$45,390 in July 2017 at 5.00%, due in varying installments through June 1, 2028. Interest due each June 1	42,570	45,390
2017 Second Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$243,675 in November 2017 at 5.00%, due in varying installments through December 1, 2041. Interest due each June 1 and December 1.	243,675	243,675

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt) (continued)</i>		
<i>Mainline Subordinate Revenue Debt (continued)</i>		
<i>Motor License Fund-Enhanced Subordinate Special Revenue Debt (continued)</i>		
2017 Third Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding: Issued \$164,240 in December 2017 at 4.00% to 5.00%, due in varying installments through December 1, 2040. Interest due each June 1 and December 1.	\$ 164,240	\$ 164,240
2019 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued \$151,130 in November 2019 at 2.01% to 3.58%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1.	148,945	149,595
2020 First Series Motor License Fund-Enhanced Subordinate Special Revenue Refunding (Federally Taxable): Issued \$92,750 in February 2020 at 1.76% to 3.25%, due in varying installments through December 1, 2043. Interest due each June 1 and December 1.	90,530	90,930
Total Motor License Fund-Enhanced Subordinate Special Revenue Debt	970,689	982,980
Total Mainline Subordinate Debt (consisting of Subordinate Revenue Debt and Motor License Fund-Enhanced Subordinate Special Revenue Debt)	7,148,931	7,260,673
Total Mainline Senior and Subordinate Debt	14,151,841	13,758,303
<i>Oil Franchise Tax Senior Debt</i>		
2009 Series A, B, C Oil Franchise Tax Revenue: Issued \$164,181 in October 2009. Series A issued at 2.00% to 5.85%, due in varying installments through December 1, 2023. Series B (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 5.85%, due in varying installments through December 1, 2037. Interest paid each June 1 and December 1. Series C issued as CABs at 5.30%. Interest on the CABs is deferred until maturity on December 1, 2039. Sub-Series A-2 partially refunded in September 2016. Sub Series A-1 fully refunded in September 2021.	160,411	158,716
2013 Series A Oil Franchise Tax Revenue Refunding: Issued \$27,785 in October 2013 at 2.50% to 5.00%, due in varying installments through December 1, 2024. Interest paid each June 1 and December 1.	9,895	9,895
2016 Series A Oil Franchise Tax Revenue Refunding: Issued \$198,595 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	140,455	152,680
2018 Series A Oil Franchise Tax Revenue: Issued \$231,385 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1.	231,385	231,385
2021 Series A Oil Franchise Tax Revenue: Issued \$327,520 in September 2021 at 3.00% to 5.00% due in varying installments through December 1, 2051. Interest paid each June 1 and December 1.	318,225	322,955
Total Oil Franchise Tax Senior Debt	860,371	875,631
<i>Oil Franchise Tax Subordinate Debt</i>		
2009 Series D, E Subordinate Oil Franchise Tax Revenue: Issued \$134,065 in October 2009. Series D issued at 2.00% to 5.00%, due in varying installments through December 1, 2027. Series E (Build America Bonds, Issuer Subsidy, Federally Taxable) issued at 6.378%, due in varying installments through December 1, 2037. Sub-Series D-2 partially refunded in September 2016. Sub-Series D-1 and D-2 fully refunded in September 2021.	102,505	102,505
2013 Series B Subordinate Oil Franchise Tax Revenue: Issued \$32,035 in October 2013 at 2.00% and 5.00%, due in varying installments through December 1, 2025. Interest paid each June 1 and December 1.	13,450	13,450
2016 Series B Subordinate Oil Franchise Tax Revenue Refunding: Issued \$115,395 in September 2016 at 4.00% to 5.00% due in varying installments through December 1, 2032. Interest paid each June 1 and December 1.	75,850	84,605
2018 Series B Subordinate Oil Franchise Tax Revenue: Issued \$210,480 in June 2018 at 5.00% to 5.25% due in varying installments through December 1, 2048. Interest paid each June 1 and December 1.	210,480	210,480
2021 Series B Subordinate Oil Franchise Tax Revenue: Issued \$201,480 in September 2021 at 3.00% to 5.00% due in varying installments through December 1, 2053. Interest paid each June 1 and December 1.	197,680	199,610
Total Oil Franchise Tax Subordinate Debt	599,965	610,650
Total Oil Franchise Tax Senior and Subordinate Debt	1,460,336	1,486,281

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

The following table is a summary of debt outstanding: *(continued)*

	May 31,	
	2024	2023
	<i>(In Thousands)</i>	
<i>Motor License Registration Fee Debt</i>		
<i>Motor License Registration Fee Bonds</i>		
2005 Series A: Issued \$234,135 in August 2005 at 3.25% to 5.25%, due in varying installments through July 15, 2030. Interest paid each January 15 and July 15. Partially defeased in March 2019.	\$ 87,110	\$ 98,235
2023 Revenue Refunding: Issued \$231,425 in September 2023 at a variable rate (based on SIFMA + .85%, reset weekly, paid the 15th of each month), due in varying installments through July 15, 2041.	231,425	-
Total Motor License Registration Fee Bonds	318,535	98,235
<i>Motor License Registration Fee Direct Placement & Direct Borrowings</i>		
2005 Series B, C, D: Issued \$231,425 in August 2005 and remarketed in October 2015 to a direct placement; modified interest rate in July 2018 and February 2019; current interest rate is a variable rate (based SIFMA + .875%, reset weekly, paid 15th of each month), due in varying installments through July 15, 2041. Fully refunded September 2023.	-	231,425
Total Motor License Registration Fee Direct Placement & Direct Borrowings	-	231,425
Total Motor License Registration Fee Debt Payable	318,535	329,660
Total Debt Payable	15,930,712	15,574,244
Unamortized premium/discount	1,498,515	1,520,549
Total debt, net of unamortized premium/discount	17,429,227	17,094,793
Less: Current portion	411,085	527,900
Debt, noncurrent portion	\$ 17,018,142	\$ 16,566,893

As of May 31, 2024, the Commission had \$470,350 in outstanding Direct Placements and Direct Borrowings. SIFMA was 3.36% on May 31, 2024.

As of May 31, 2023, the Commission had \$656,775 in outstanding Direct Placements and Direct Borrowings. SIFMA was 3.56% on May 31, 2023.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT (*continued*)

The tables below summarize the total additions and total reductions in debt during fiscal years 2024 and 2023. Additions are the result of new debt issuances and bond accretion related to capital appreciation bonds. Reductions are the result of principal payments and bond refundings/defeasances.

	<u>Balance at May 31, 2023</u>	<u>Additions</u>	<u>Reductions</u> <i>(In thousands)</i>	<u>Balance at May 31, 2024</u>	<u>Due Within One Year</u>
<i>Mainline debt</i>					
Mainline bonds *	\$ 13,332,953	\$ 808,568	\$ 460,030	\$ 13,681,491	\$ 281,850
Mainline direct placements and borrowings	425,350	90,000	45,000	470,350	88,500
Total Mainline debt	13,758,303	898,568	505,030	14,151,841	370,350
<i>Oil Franchise Tax debt</i>					
Oil Franchise Tax bonds **	1,486,281	1,695	27,640	1,460,336	29,020
Total Oil Franchise Tax debt	1,486,281	1,695	27,640	1,460,336	29,020
<i>Motor License Registration Fee debt</i>					
Motor License Registration Fee bonds ***	98,235	231,425	11,125	318,535	11,715
Motor License Registration Fee direct placements and borrowings	231,425	-	231,425	-	-
Total Motor License Registration Fee debt	329,660	231,425	242,550	318,535	11,715
Total Debt Payable	15,574,244	1,131,688	775,220	15,930,712	411,085
Premium (discount), net	1,520,549	55,769	77,803	1,498,515	-
Total Debt Payable, net of premium (discount)	\$ 17,094,793	\$ 1,187,457	\$ 853,023	\$ 17,429,227	\$ 411,085

* Mainline bonds FY24 additions related to bond issuances were \$885,960 and FY24 additions related to bond accretions were \$12,608.

** Oil Franchise Tax bonds FY24 additions related to bond accretions were \$1,695.

*** Motor License Registration bonds FY24 additions related to bond issuances were \$231,425.

	<u>Balance at May 31, 2022</u>	<u>Additions</u>	<u>Reductions</u> <i>(In thousands)</i>	<u>Balance at May 31, 2023</u>	<u>Due Within One Year</u>
<i>Mainline debt</i>					
Mainline bonds *	\$ 13,286,192	\$ 904,726	\$ 857,965	\$ 13,332,953	\$ 444,135
Mainline direct placements and borrowings	475,350	-	50,000	425,350	45,000
Total Mainline debt	13,761,542	904,726	907,965	13,758,303	489,135
<i>Oil Franchise Tax debt</i>					
Oil Franchise Tax bonds **	1,511,058	1,608	26,385	1,486,281	27,640
Total Oil Franchise Tax debt	1,511,058	1,608	26,385	1,486,281	27,640
<i>Motor License Registration Fee debt</i>					
Motor License Registration Fee bonds	108,810	-	10,575	98,235	11,125
Motor License Registration Fee direct placements and borrowings	231,425	-	-	231,425	-
Total Motor License Registration Fee debt	340,235	-	10,575	329,660	11,125
Total Debt Payable	15,612,835	906,334	944,925	15,574,244	527,900
Premium (discount), net	1,544,693	93,943	118,087	1,520,549	-
Total Debt Payable, net of premium (discount)	\$ 17,157,528	\$ 1,000,277	\$ 1,063,012	\$ 17,094,793	\$ 527,900

* Mainline bonds FY23 additions related to bond issuances were \$892,370 and FY23 additions related to bond accretions were \$12,356.

** Oil Franchise Tax bonds FY23 additions related to bond accretions were \$1,608.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

Debt service requirements subsequent to May 31, 2024 related to all sections of debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
	<i>(In thousands)</i>								
2025	\$ 322,585	\$ 720,583	\$ 1,043,168	\$ 88,500	\$ 15,023	\$ 103,523	\$ 411,085	\$ 735,606	\$ 1,146,691
2026	354,955	709,277	1,064,232	-	14,647	14,647	354,955	723,924	1,078,879
2027	391,280	690,942	1,082,222	-	15,157	15,157	391,280	706,099	1,097,379
2028	394,060	673,273	1,067,333	-	15,176	15,176	394,060	688,449	1,082,509
2029	429,764	655,784	1,085,548	-	15,139	15,139	429,764	670,923	1,100,687
2030 - 2034	2,655,756	2,972,781	5,628,537	-	75,786	75,786	2,655,756	3,048,567	5,704,323
2035 - 2039	3,666,546	2,230,451	5,896,997	63,845	71,194	135,039	3,730,391	2,301,645	6,032,036
2040 - 2044	3,694,361	1,411,075	5,105,436	228,005	32,688	260,693	3,922,366	1,443,763	5,366,129
2045 - 2049	2,640,545	545,983	3,186,528	-	18,000	18,000	2,640,545	563,983	3,204,528
2050-2054	910,510	88,022	998,532	66,160	15,423	81,583	976,670	103,445	1,080,115
2055-2059	-	-	-	23,840	954	24,794	23,840	954	24,794
	<u>\$ 15,460,362</u>	<u>\$ 10,698,171</u>	<u>\$ 26,158,533</u>	<u>\$ 470,350</u>	<u>\$ 289,187</u>	<u>\$ 759,537</u>	<u>\$ 15,930,712</u>	<u>\$ 10,987,358</u>	<u>\$ 26,918,070</u>

The Commission's purpose for issuing debt is as follows:

- Mainline Senior Debt is issued for the purpose of financing the costs of various capital projects in the Commission's Ten-Year Capital Plan and for refunding outstanding Mainline Senior Debt.

In fiscal year 2024, the Commission issued \$885,960,000 of Mainline Senior Debt; \$634,786,548 was issued to finance the costs of various capital projects and \$251,173,452 was issued to refund and repay outstanding Mainline Senior Debt.

In fiscal year 2023, the Commission issued \$548,570,000 of Mainline Senior Debt; \$244,068,986 was issued to finance the costs of various capital projects and \$304,501,014 was issued to refund and repay outstanding Mainline Senior Debt.

- Mainline Subordinate Debt is issued for the purpose of financing a portion of the costs of making payments to the Pennsylvania Department of Transportation in accordance with Act 44 and Act 89 and for refunding outstanding Subordinate Debt. See Note 11 for additional information regarding Act 44 and Act 89.

The Commission did not issue any Mainline Subordinate Debt during fiscal year ended May 31, 2024.

In fiscal year 2023, the Commission issued \$343,800,000 of Mainline Subordinate Debt to refund and repay outstanding Mainline Subordinate Debt.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 9 DEBT (*continued*)

- Oil Franchise Tax Debt and Motor License Registration Fee Debt are issued for the purpose of financing the costs of capital expenditures related to the Mon/Fayette and Southern Beltway expansion projects and to refund outstanding Oil Franchise Tax Debt and Motor License Registration Fee Debt.

The Commission did not issue any Oil Franchise Tax Debt during the fiscal years ended May 31, 2024, or May 31, 2023.

In fiscal year 2024, the Commission issued \$231,425,000 of Motor License Registration Fee Debt; \$231,425,000 was issued to refund and repay outstanding Motor License Registration Fee Debt. The Commission did not issue any Motor License Registration Fee Debt during the fiscal year ended May 31, 2023.

The issuance of new debt is conducted in accordance with the terms of the applicable Trust Indenture and approval of the Commissioners.

Mainline Debt Requirements and Recent Activity

The Amended and Restated Trust Indenture of 2001 requires that tolls be adequate to provide funds to cover current expenses and: (1) provide funds in an amount not less than the greater of 130% of the maximum principal and interest requirements for the succeeding year, or (2) 100% of the maximum principal and interest payments for the next fiscal year plus the amount required for maintenance of the Turnpike System as determined by the Commission's Consulting Engineer. If any deficiencies occur, the Commission is obligated to raise tolls accordingly.

As disclosed in Note 3, the Commission's Trust Indentures impose certain restrictions and requirements. The Commission's Trust Indenture for the Turnpike Subordinate Revenue Bonds requires that the Commission establish and maintain schedules of tolls for traffic over the Turnpike System as required by the Senior Indenture and, in addition, the amount paid into the General Reserve Fund of the Senior Indenture in each fiscal year and for each Commission Payment, will be at least sufficient to provide funds in an amount not less than: (1) 115% of the Annual Debt Service for each fiscal year on account of all outstanding Revenue Bonds and Revenue Bonds Parity Obligations; (2) 100% of the Annual Debt Service for such fiscal year on account of all Outstanding Guaranteed Bonds, Guaranteed Bonds Parity Obligations and Subordinated Indebtedness; and (3) any payment by the Commission required by the Subordinate Indenture for restoring a deficiency in the Debt Service Fund within an 18-month period.

The Commission's Mainline Senior Debt (including Direct Placements and Borrowings) contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 9 **DEBT** *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In fiscal year 2017, the Commission entered into a loan agreement to borrow, over a possible eight-year period, up to \$800.0 million in 16 tranches of up to \$50.0 million each through the Immigrant Investor Program (known as the EB-5 visa program) administered by the U.S. Citizenship and Immigration Services. The Commission is borrowing this money to fund a portion of the costs of certain capital projects included in the Commission's current Ten-Year Capital Plan. Such debt is issued under the Senior Indenture on parity with the Turnpike Revenue Bonds. The outstanding principal related to these EB-5 borrowings was \$88.5 million and \$133.5 million as of May 31, 2024 and 2023, respectively.

In June 2020, the Commission secured a \$200.0 million revolving line of credit from PNC Bank, N. A. with a one-year term. The Commission was authorized to draw this money for general working capital purposes, funding/reimbursing necessary reserves and the payment of debt service on Bonds under the Senior Indenture. The Commission renewed the line of credit in fiscal year 2023 and again in fiscal year 2024, but did not draw on the line of credit in either of these fiscal years. As of May 31, 2024 and 2023, there was no outstanding principal related to this Line of Credit.

In December 2022, the Commission entered into, as a Direct Placement, a Bond Purchase Agreement of \$233,015,000 Series of 2024 Forward Delivery Refunding Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2037. The Series of 2024 Forward Delivery Refunding Senior Revenue Bonds will be issued to refund a portion of the Series 2014 Refunding Senior Revenue Bonds (\$98,790,000), 2014 Series A Senior Revenue Bonds (\$59,535,000), and 2014 Series C Senior Revenue Bonds (\$74,690,000) and paying the costs of issuing the Series of 2024 Forward Delivery Refunding Senior Revenue Bonds. The Series of 2024 Forward Delivery Refunding Senior Revenue Bonds will be delivered on October 23, 2024. As of May 31, 2024, the Commission does not have outstanding principal related to this transaction.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

Under the Commonwealth's Act 44 of 2007, the Commission may issue up to \$5.0 billion of Special Revenue Bonds guaranteed by the Commonwealth's Motor License Fund. The Special Revenue Bonds authorized by Act 44 are subject to various limitations, including, among others, the following: the aggregate amount of such Special Revenue Bonds is limited to \$5.0 billion; no more than \$600.0 million of Special Revenue Bonds may be issued in any calendar year; debt service on the Special Revenue Bonds shall be payable from any available funds of the Commission, but are additionally secured by amounts payable from the Commonwealth's Motor License Fund which is required to pay any debt service shortfall. All Special Revenue Bond debt service payments are subordinate obligations of the Commission payable solely from certain money in, or periodically released from, the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, insurance policies, liquidity policies or agreements in effect at the Commission. Pursuant to the Commonwealth's Act 89 of 2013, Special Revenue Bonds may not be issued by the Commission to fund any portion of its annual payment obligation to PennDOT after July 1, 2014, although Special Revenue Refunding Bonds may be issued. The outstanding principal related to these Special Revenue Bonds was \$970.7 million and \$983.0 million as of May 31, 2024 and 2023, respectively.

The commitment of the Commonwealth's Motor License Fund to provide additional security to pay any Special Revenue Bond debt service shortfall shall continue until the retirement or defeasance of any Special Revenue Bonds or until October 13, 2057, whichever is sooner. To date, the Commission has made all required Special Revenue Bond debt service payments. No funds have been drawn or requested from the Commonwealth's Motor License Fund for Special Revenue Bond debt service during the current reporting period or any prior reporting periods. In the event that the Commonwealth's Motor License Fund would be required to make a Special Revenue Bond debt service payment, a provision of the Amended Lease and Funding Agreement, executed between the Commission and PennDOT, requires the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payments plus interest accruing to the date of the Commission's failure to pay the debt service. The obligation of the Commission to reimburse the Motor License Fund for any Special Revenue Bond debt service payment is a subordinate obligation of the Commission and is payable only from amounts, if any, in the Commission's General Reserve Fund as permitted by any Commission financing documents, financial covenants, insurance policies, liquidity policies, or agreements in effect at the Commission.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 9 **DEBT** *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In September 2022, the Commission issued \$254,730,000 of 2022 Series A Senior Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2041. The 2022 Series A Senior Revenue Refunding Bonds were issued pursuant to the Tender Offer to refund a portion of the 2013 Series C Senior Revenue Bonds (\$23,875,000), 2014 Series A Senior Revenue Bonds (\$15,295,000), 2014 Series C Senior Revenue Bonds (\$43,055,000), 2014 Series Refunding Senior Revenue Bonds (\$140,830,000), 2015 Series A-1 Senior Revenue Bonds (\$23,475,000), 2015 Series B Senior Revenue Bonds (\$5,885,000), and 2020 First Series Senior Revenue Refunding Bonds (\$21,405,000) and paying for the costs of issuing the 2022 Series A Senior Revenue Refunding Bonds. The refunding of the 2013 Series C Senior Revenue Bonds, 2014 Series A Senior Revenue Bonds, 2014 Series C Senior Revenue Bonds, 2014 Series Refunding Senior Revenue Bonds, 2015 Series A-1 Senior Revenue Bonds, 2015 Series B Senior Revenue Bonds, and 2020 First Series Senior Revenue Refunding Bonds allowed the Commission to reduce its debt service by approximately \$27.3 million. The transaction resulted in an economic gain of \$16.8 million.

In December 2022, the Commission issued \$293,840,000 of 2022 Series B Senior Revenue Bonds at a fixed rate with a maturity date of December 1, 2052. The 2022 Series B Senior Revenue Bonds were issued to finance the costs of various capital expenditures set forth in the Commission's current ten-year capital plan, including any amendments thereto, or any prior capital plan including, but not limited to, the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or the rehabilitation of certain interchanges; to refund the 2018 EB-5 Loan 1st Tranche (\$50,000,000) and the payment of the costs of issuing the 2022 Series B Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 9 **DEBT** *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In March 2023, the Commission issued \$343,800,000 of 2023 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity date of December 1, 2043. The 2023 First Series Subordinate Revenue Refunding Bonds were issued pursuant to the Tender Offer to refund a portion of the 2009 Series C Subordinate Revenue Bonds (\$26,275,000), 2009 Series E Subordinate Revenue Bonds (\$48,350,000), 2013 Series B-3 Subordinate Revenue Bonds (\$295,000), 2014 Series A-1 Subordinate Revenue Bonds (\$34,210,000), 2014 Series B Subordinate Revenue Bonds (\$65,180,000), 2015 Series A-1 Subordinate Revenue Bonds (\$23,485,000), 2015 Series B Subordinate Revenue Bonds (\$23,145,000), 2016 Refunding Subordinate Revenue Bonds (\$24,410,000), 2016 Series A-1 Subordinate Revenue Bonds (\$23,090,000), 2017 Series A Subordinate Revenue Bonds (\$76,870,000), 2019 First Series Subordinate Revenue Refunding Bonds (\$6,555,000), and 2020 First Series Subordinate Revenue Refunding Bonds (\$5,500,000) and paying for the costs of issuing the 2023 First Series Subordinate Revenue Refunding Bonds. The refunding of the 2009 Series C Subordinate Revenue Bonds, 2009 Series E Subordinate Revenue Bonds, 2013 Series B-3 Subordinate Revenue Bonds, 2014 Series A-1 Subordinate Revenue Bonds, 2014 Series B Subordinate Revenue Bonds, 2015 Series A-1 Subordinate Revenue Bonds, 2015 Series B Subordinate Revenue Bonds, 2016 Refunding Subordinate Revenue Bonds, 2016 A-1 Subordinate Revenue Bonds, 2017 Series A Subordinate Revenue Bonds, 2019 First Series Subordinate Revenue Refunding Bonds, and 2020 First Series Subordinate Revenue Refunding Bonds allowed the Commission to reduce its debt service by approximately \$40.6 million. The transaction resulted in an economic gain of \$29.4 million.

In September 2023, the Commission issued \$400,000,000 of 2023 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2053. The 2023 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges, to refund a portion of the 2013 Series C Senior Revenue Bonds (\$15,895,000) and the 2018 EB-5 Loan 2nd Tranche (\$45,000,000), and for paying the costs of issuing the 2023 Series A Senior Revenue Bonds. The current refunding of the 2013 Series C Senior Revenue Bonds and the 2018 EB-5 Loan 2nd Tranche allowed the Commission to reduce its debt service by approximately \$1.9 million. The transaction resulted in an economic gain of \$1.4 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

Mainline Debt Requirements and Recent Activity *(continued)*

In November 2023, the Commission issued \$190,125,000 of 2023 Series B Senior Revenue Refunding Bonds at a variable rate with a maturity of December 1, 2043. The 2023 Series B Senior Revenue Refunding Bonds were primarily issued to refund the 2018 Series A-1 Senior Revenue Bonds (\$117,745,000) and 2018 Series B Senior Revenue Bonds (\$71,200,000), obtain the TD Letter of Credit as a Credit Facility in connection with the 2023 Series B Senior Revenue Refunding Bonds and for paying the costs of issuing the 2023 Series B Senior Revenue Refunding Bonds.

In January 2024, the Commission issued \$205,835,000 of 2024 Series A Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 Series A Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series A Senior Revenue Bonds.

In February 2024, the Commission issued \$90,000,000, as a Direct Placement, 2024 Series B Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series B Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series B Senior Revenue Bonds.

Debt service requirements subsequent to May 31, 2024 related to the Mainline debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
	<i>(In thousands)</i>								
2025	\$ 281,850	\$ 635,976	\$ 917,826	\$ 88,500	\$ 15,023	\$ 103,523	\$ 370,350	\$ 650,999	\$ 1,021,349
2026	312,135	626,767	938,902	-	14,647	14,647	312,135	641,414	953,549
2027	346,245	610,641	956,886	-	15,157	15,157	346,245	625,798	972,043
2028	346,710	595,269	941,979	-	15,176	15,176	346,710	610,445	957,155
2029	379,989	580,249	960,238	-	15,139	15,139	379,989	595,388	975,377
2030 - 2034	2,377,861	2,635,909	5,013,770	-	75,786	75,786	2,377,861	2,711,695	5,089,556
2035 - 2039	3,337,309	1,963,162	5,300,471	63,845	71,194	135,039	3,401,154	2,034,356	5,435,510
2040 - 2044	3,360,522	1,204,875	4,565,397	228,005	32,688	260,693	3,588,527	1,237,563	4,826,090
2045 - 2049	2,266,365	445,243	2,711,608	-	18,000	18,000	2,266,365	463,243	2,729,608
2050-2054	672,505	63,957	736,462	66,160	15,423	81,583	738,665	79,380	818,045
2055-2059	-	-	-	23,840	954	24,794	23,840	954	24,794
	<u>\$ 13,681,491</u>	<u>\$ 9,362,048</u>	<u>\$ 23,043,539</u>	<u>\$ 470,350</u>	<u>\$ 289,187</u>	<u>\$ 759,537</u>	<u>\$ 14,151,841</u>	<u>\$ 9,651,235</u>	<u>\$ 23,803,076</u>

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

Oil Franchise Tax Debt Requirements and Recent Activity

The Oil Franchise Tax Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of: (1) all proceeds from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax; (2) the Commission's right to receive its allocation of the Oil Company Franchise Tax and any portion of the allocation actually received by the Commission; (3) all monies deposited into accounts or funds created by the 1998 Indenture, as supplemented; and, (4) all investment earnings on all monies held in accounts and funds established by the 1998 Indenture.

The 1998 Indenture requires the Commission to petition the General Assembly of the Commonwealth of Pennsylvania for additional funds in the event that the Commission's allocation of the Oil Company Franchise Tax is inadequate to pay maximum principal and interest payments for the succeeding year.

The Commission's Oil Franchise Tax Debt contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

Debt service requirements subsequent to May 31, 2024 related to Oil Franchise Tax debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
	<i>(In thousands)</i>								
2025	\$ 29,020	\$ 70,463	\$ 99,483	\$ -	\$ -	\$ -	\$ 29,020	\$ 70,463	\$ 99,483
2026	30,490	68,997	99,487	-	-	-	30,490	68,997	99,487
2027	32,060	67,452	99,512	-	-	-	32,060	67,452	99,512
2028	33,690	65,828	99,518	-	-	-	33,690	65,828	99,518
2029	35,400	64,122	99,522	-	-	-	35,400	64,122	99,522
2030 - 2034	203,290	290,559	493,849	-	-	-	203,290	290,559	493,849
2035 - 2039	224,842	241,332	466,174	-	-	-	224,842	241,332	466,174
2040 - 2044	259,359	202,391	461,750	-	-	-	259,359	202,391	461,750
2045 - 2049	374,180	100,740	474,920	-	-	-	374,180	100,740	474,920
2050-2054	238,005	24,065	262,070	-	-	-	238,005	24,065	262,070
	<u>\$ 1,460,336</u>	<u>\$ 1,195,949</u>	<u>\$ 2,656,285</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,460,336</u>	<u>\$ 1,195,949</u>	<u>\$ 2,656,285</u>

Motor License Registration Fee Debt Requirements and Recent Activity

Pursuant to Section 20 of Act 3, the Commonwealth appropriates \$28.0 million of Act 3 revenues to the Commission annually. The \$28.0 million is payable to the Commission in the amount of \$2.3 million per month. The Motor License Registration Fee Revenue Bonds are secured by a pledge and assignment by the Commission to the Trustee of any receipts, revenues and other moneys received by the Trustee on or after the date of the Indenture from the Commission's allocation of Act 3 revenues and any income earned on any fund or account established pursuant to the Indenture.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

Motor License Registration Fee Debt Requirements and Recent Activity
(continued)

The Commission's Motor License Registration Fee Debt (including Direct Placements and Borrowings) contains a provision that in an unresolved event of default and following a vote of the bondholders, outstanding amounts become immediately due if the Commission is unable to make payment.

In September 2023, the Commission issued \$231,425,000 of 2023 Series Motor License Registration Fee Revenue Refunding Bonds at a variable rate with a maturity date of July 15, 2041. The 2023 Motor License Registration Fee Revenue Refunding Bonds were issued to refund the 2005 Series B Motor License Registration Fee Revenue Bonds (\$77,140,000), 2005 Series C Motor License Registration Fee Revenue Bonds (\$77,140,000), and 2005 Series D Motor License Registration Fee Revenue Bonds (\$77,145,000) and paying for the costs of issuing the 2023 Series Motor License Registration Fee Revenue Refunding Bonds.

Debt service requirements subsequent to May 31, 2024 related to Motor License Registration Fee debt are as follows:

Year Ending May 31	Bonds			Direct Borrowings and Direct Placements			Total Debt		
	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total	Principal Maturities	Interest	Total
2025	\$ 11,715	\$ 14,144	\$ 25,859	\$ -	\$ -	\$ -	\$ 11,715	\$ 14,144	\$ 25,859
2026	12,330	13,513	25,843	-	-	-	12,330	13,513	25,843
2027	12,975	12,849	25,824	-	-	-	12,975	12,849	25,824
2028	13,660	12,176	25,836	-	-	-	13,660	12,176	25,836
2029	14,375	11,413	25,788	-	-	-	14,375	11,413	25,788
2030 - 2034	74,605	46,313	120,918	-	-	-	74,605	46,313	120,918
2035 - 2039	104,395	25,957	130,352	-	-	-	104,395	25,957	130,352
2040 - 2044	74,480	3,809	78,289	-	-	-	74,480	3,809	78,289
	<u>\$ 318,535</u>	<u>\$ 140,174</u>	<u>\$ 458,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,535</u>	<u>\$ 140,174</u>	<u>\$ 458,709</u>

Defeased Bonds

In both the current and prior years, the Commission defeased certain revenue bonds by placing funds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds were not included in the Commission's financial statements. As of May 31, 2024 and 2023, the Commission had \$133.8 million and \$443.8 million, respectively, of defeased bonds outstanding.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT (*continued*)

Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt debt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. The Commission had a total arbitrage liability of \$8.2 million and \$0.4 million for fiscal years ended May 31, 2024 and 2023, respectively. The arbitrage liability recorded as accounts payable and accrued liabilities was \$0.4 million and \$0.2 million as of May 31, 2024 and 2023, respectively. The arbitrage liability recorded as other noncurrent liabilities was \$7.8 million and \$0.2 million as of May 31, 2024 and 2023, respectively.

Swap Payments and Associated Debt

Net swap payments and related debt service requirements for hedged debt related to all sections subsequent to May 31, 2024, assuming current interest rates remain the same for the term of the agreements, are as follows:

Year Ending May 31	Bonds				Direct Borrowings and Direct Placements				Total Debt			
	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
	(in thousands)											
2025	\$ 11,640	\$ 27,955	\$ 6,347	\$ 45,942	\$ -	\$ 11,539	\$ (6,298)	\$ 5,241	\$ 11,640	\$ 39,494	\$ 49	\$ 51,183
2026	12,136	27,575	6,142	45,853	-	11,557	(6,298)	5,259	12,136	39,132	(156)	51,112
2027	12,648	27,161	5,972	45,781	-	11,557	(6,298)	5,259	12,648	38,718	(326)	51,040
2028	12,905	26,782	5,643	45,330	-	11,576	(6,330)	5,246	12,905	38,368	(687)	50,576
2029	13,951	26,268	5,295	45,514	-	11,539	(6,298)	5,241	13,951	37,807	(1,003)	50,755
2030 - 2034	96,655	121,472	19,242	237,369	-	57,786	(31,524)	26,262	96,655	179,258	(12,282)	263,631
2035 - 2039	269,238	95,108	6,294	370,640	63,845	53,194	(29,021)	88,018	333,083	148,302	(22,727)	458,658
2040 - 2044	319,118	14,311	(2,006)	331,423	228,005	14,688	(8,032)	234,661	547,123	28,999	(10,038)	566,084
2045 - 2049	21,370	3,379	(1,380)	23,369	-	-	-	-	21,370	3,379	(1,380)	23,369
2050-2054	9,332	314	(129)	9,517	-	-	-	-	9,332	314	(129)	9,517
	<u>\$ 778,993</u>	<u>\$ 370,325</u>	<u>\$ 51,420</u>	<u>\$ 1,200,738</u>	<u>\$ 291,850</u>	<u>\$ 183,436</u>	<u>\$ (100,099)</u>	<u>\$ 375,187</u>	<u>\$ 1,070,843</u>	<u>\$ 553,761</u>	<u>\$ (48,679)</u>	<u>\$ 1,575,925</u>

Mainline net swap payments and related debt service requirements for hedged debt subsequent to May 31, 2024 for 2019 Second Series Senior Revenue Bonds, 2020 Second Series Senior Revenue Bonds, 2020 Series A Senior Revenue Bonds, 2022 First Series Subordinate Revenue Refunding Bonds (Direct Placement), and 2023 Series B Senior Revenue Refunding Bonds are as follows:

Year Ending May 31	Bonds				Direct Borrowings and Direct Placements				Total Debt			
	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
	(in thousands)											
2025	\$ 11,640	\$ 18,077	\$ 4,386	\$ 34,103	\$ -	\$ 11,539	\$ (6,298)	\$ 5,241	\$ 11,640	\$ 29,616	\$ (1,912)	\$ 39,344
2026	12,136	17,697	4,195	34,028	-	11,557	(6,298)	5,259	12,136	29,254	(2,103)	39,287
2027	12,648	17,283	4,024	33,955	-	11,557	(6,298)	5,259	12,648	28,840	(2,274)	39,214
2028	12,905	16,876	3,709	33,490	-	11,576	(6,330)	5,246	12,905	28,452	(2,621)	38,736
2029	13,951	16,390	3,334	33,675	-	11,539	(6,298)	5,241	13,951	27,929	(2,964)	38,916
2030 - 2034	44,105	76,101	10,304	130,510	-	57,786	(31,524)	26,262	44,105	133,887	(21,220)	156,772
2035 - 2039	164,843	69,151	1,183	235,177	63,845	53,194	(29,021)	88,018	228,688	122,345	(27,838)	323,195
2040 - 2044	244,638	10,502	(2,753)	252,387	228,005	14,688	(8,032)	234,661	472,643	25,190	(10,785)	487,048
2045 - 2049	21,370	3,379	(1,380)	23,369	-	-	-	-	21,370	3,379	(1,380)	23,369
2050-2054	9,332	314	(129)	9,517	-	-	-	-	9,332	314	(129)	9,517
	<u>\$ 547,568</u>	<u>\$ 245,770</u>	<u>\$ 26,873</u>	<u>\$ 820,211</u>	<u>\$ 291,850</u>	<u>\$ 183,436</u>	<u>\$ (100,099)</u>	<u>\$ 375,187</u>	<u>\$ 839,418</u>	<u>\$ 429,206</u>	<u>\$ (73,226)</u>	<u>\$ 1,195,398</u>

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 9 DEBT *(continued)*

Swap Payments and Associated Debt *(continued)*

Motor License net swap payments and related debt service requirements for hedged debt subsequent to May 31, 2024 for the 2023 Motor License Registration Fee Bonds are as follows:

Year Ending May 31	Bonds				Direct Borrowings and Direct Placements				Total Debt			
	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total	Principal Maturities	Interest	Hedging	Total
	<i>(In thousands)</i>											
2025	\$ -	\$ 9,878	\$ 1,961	\$ 11,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,878	\$ 1,961	\$ 11,839
2026	-	9,878	1,947	11,825	-	-	-	-	-	9,878	1,947	11,825
2027	-	9,878	1,948	11,826	-	-	-	-	-	9,878	1,948	11,826
2028	-	9,906	1,934	11,840	-	-	-	-	-	9,906	1,934	11,840
2029	-	9,878	1,961	11,839	-	-	-	-	-	9,878	1,961	11,839
2030 - 2034	52,550	45,371	8,938	106,859	-	-	-	-	52,550	45,371	8,938	106,859
2035 - 2039	104,395	25,957	5,111	135,463	-	-	-	-	104,395	25,957	5,111	135,463
2040 - 2044	74,480	3,809	747	79,036	-	-	-	-	74,480	3,809	747	79,036
	<u>\$ 231,425</u>	<u>\$ 124,555</u>	<u>\$ 24,547</u>	<u>\$ 380,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231,425</u>	<u>\$ 124,555</u>	<u>\$ 24,547</u>	<u>\$ 380,527</u>

As rates vary, variable rate bond interest payments and net swap payments will vary.

NOTE 10 RETIREMENT BENEFITS

General Information about the Pension Plan

Plan Description

Pennsylvania State Employees' Retirement System (SERS) is the administrator of the State Employees' Retirement Fund (Defined Benefit Plan), which is a cost-sharing multiple-employer defined benefit pension plan. SERS is also the administrator of the State Employees' Defined Contribution Plan (Defined Contribution Plan), which was established as part of Act 2017-5. The Defined Contribution Plan opened for enrollment on January 1, 2019. Both the Defined Benefit Plan and Defined Contribution Plan were established by the Commonwealth of Pennsylvania (Commonwealth) to provide retirement benefits for employees of state government and certain independent agencies. The Defined Benefit and Defined Contribution Plans operate under separate trusts. The assets of the Defined Benefit Plan are held in the State Employees' Retirement Fund (pension fund). Assets in the Defined Contribution Plan (investment plan) are held in individual member investment accounts.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS *(continued)*

General Information about the Pension Plan *(continued)*

Plan Description (continued)

Membership in SERS is mandatory for most Commission (and other state) employees. Act 2017-5 changed the benefit structure for most new employees effective January 1, 2019, which created a hybrid plan with two class of service options (defined benefit/defined contribution) as well as a defined contribution-only plan option. Article II of the Commonwealth's constitution assigns the authority to establish and amend the benefit provision of the plan to the General Assembly. Separately issued financial statements for SERS can be obtained at www.sers.pa.gov.

Benefits Provided

SERS provides retirement, death, and disability benefits. Member retirement benefits of the pension plan are determined by taking years of credited service multiplied by final average salary multiplied by the annual accrual rate. Commission employees participate in one of the following class of service categories: Class A, Class AA, Class A3, Class A4, Class A5 or Class A6. Class A5 and Class A6 became effective January 1, 2019. These classes are considered part of the Hybrid Plan as they include participation in both the pension fund and the investment plan. Employees are also eligible to elect participation solely in the investment plan, under the 401(a) DC class of service. According to the State Employees' Retirement Code (SERC), all obligations of SERS will be assumed by the Commonwealth should SERS terminate.

Contributions

SERS retirement code (71 Pa. C.S.) requires that all SERS participating employers make contributions to the pension fund on behalf of all active members and annuitants necessary to fund the liabilities and provide the annuity reserves required to pay benefits. The SERS retirement code requires that all SERS-participating employers make contributions to the investment plan on behalf of all active participants. The SERS funding policy, as set by the State Employees' Retirement Board (SERB), provides for periodic active member/participant contributions at statutory rates for both the pension fund and investment plan. The Defined Benefit Plan funding policy also provides for periodic employer contributions at actuarially determined rates based on Defined Benefit Plan funding valuation, expressed as a percentage of annual retirement covered payroll, such that they, along with employee contributions and an actuarially determined investment rate of return, are adequate to accumulate assets to pay benefits when due.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS *(continued)*General Information about the Pension Plan *(continued)**Contributions (continued)*

The Commission's retirement contribution, as a percentage of covered payroll, by class is as follows:

Year Ended June 30	Class A	Class AA	Class A3	Class A4	Class A5	Class A6	401(a) DC
2024	32.24%	41.09%	27.60%	27.60%	19.65%	19.65%	19.60%
2023	30.44%	38.82%	26.05%	26.05%	18.43%	18.43%	18.37%
2022	29.98%	37.46%	25.90%	25.90%	19.93%	19.93%	19.88%

Contributions to the pension fund from the Commission were \$34.8 million and \$32.7 million for the fiscal years ended May 31, 2024 and 2023, respectively. Contributions to the investment plan from the Commission were \$346,000 and \$205,200 for the fiscal years ended May 31, 2024 and 2023, respectively. With the passing of Act 2020-94, forfeitures after July 1, 2020 are used to offset future administrative costs of the investment plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of May 31, 2024, the Commission reported a liability of \$296.6 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2024-2025, from the December 31, 2023 funding valuation, to the expected funding payroll. As of December 31, 2023, the Commission's proportionate share of the net pension liability was 1.40%, which was a decrease of 0.05% from its proportion measured as of December 31, 2022.

For the fiscal year ended May 31, 2024, the Commission recognized pension expense of \$17.5 million related to the pension fund. For the fiscal year ended May 31, 2024, the Commission recognized pension expense of \$358,200 related to the investment plan.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS (*continued*)Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (*continued*)

As of May 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 8,373	\$ 603
Net difference between projected and actual investment earnings on pension plan investments	23,301	-
Changes of assumptions	12,781	-
Differences between employer contributions and proportionate share of contributions	706	651
Changes in proportion	-	28,540
Commission contributions subsequent to measurement date	16,642	-
	<u>\$ 61,803</u>	<u>\$ 29,794</u>

The \$16.6 million reported as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending May 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as net (decreases) increases in pension expense as follows:

Year Ending May 31	
	<i>(In thousands)</i>
2025	\$ (1,750)
2026	5,049
2027	17,554
2028	(5,453)
2029	(33)
	<u>\$ 15,367</u>

As of May 31, 2023, the Commission reported a liability of \$331.6 million for its proportionate share of the net pension liability of the pension fund. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on a projected-contribution method. This methodology applies the most recently calculated contribution rates for Commonwealth fiscal year 2023-2024, from the December 31, 2022 funding valuation, to the expected funding payroll. As of December 31, 2022, the Commission's proportionate share of the net pension liability was 1.45%, which was a decrease of 0.06% from its proportion measured as of December 31, 2021.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS (*continued*)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (*continued*)

For the fiscal year ended May 31, 2023, the Commission recognized pension expense of \$25.5 million related to the pension fund. For the fiscal year ended May 31, 2023, the Commission recognized pension expense of \$224,700 related to the investment plan.

As of May 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 4,818	\$ 920
Net difference between projected and actual investment earnings on pension plan investments	45,038	-
Changes of assumptions	22,363	-
Differences between employer contributions and proportionate share of contributions	534	961
Changes in proportion	-	36,349
Commission contributions subsequent to measurement date	15,189	-
	<u>\$ 87,942</u>	<u>\$ 38,230</u>

Actuarial Method and Assumptions

Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). The 19th *Investigation of Actuarial Experience* study for the period 2015 – 2019 was released and approved by the SERB in July 2020, and the recommended assumption changes were effective with the December 31, 2020 valuation. The study can be viewed at www.SERS.pa.gov.

The actuary and SERB review the investment rate of return annually, in addition to the normal five-year experience study cycle, in recognition of changing market environments to ensure this assumption remains reasonable with each actuarial valuation. In June 2023, the SERB deliberated and decided to maintain the 6.875% Defined Benefit Plan investment rate of return assumption for the December 31, 2023 valuation.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS *(continued)*

Actuarial Methods and Assumptions *(continued)*

The following methods and assumptions were used in the actuarial valuation for the December 31, 2023 and 2022 measurement dates:

	December 31, 2023	December 31, 2022
Actuarial cost method	Entry age	Entry age
Amortization method	Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits	Straight-line amortization of investments over five years and amortization of assumption changes and non-investment gains/losses over the average expected remaining service lives of all employees that are provided benefits
Investment rate of return	6.875% net of manager fees, including inflation	6.875% net of manager fees, including inflation
Projected salary increases	Average of 4.55% with range of 3.30% - 6.95%, including inflation	Average of 4.55% with range of 3.30% - 6.95%, including inflation
Asset valuation method	Fair (market) value	Fair (market) value
Inflation	2.50%	2.50%
Mortality rate	Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement	Projected PubG-2010 and PubNS-2010 Mortality Tables adjusted for actual plan experience and future improvement
Cost-of-living adjustments (COLA)	Ad hoc	Ad hoc

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS *(continued)*Actuarial Methods and Assumptions *(continued)*

The long-term expected real rate of return on pension plan investments is determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's current and target asset allocation as of December 31, 2023 and 2022 are summarized in the following tables:

As of December 31, 2023:

Asset Class	Target Allocation	Long-term Expected Rate
Private Equity	16.00%	6.00%
Real Estate	7.00%	4.80%
U.S. Equity	31.00%	4.85%
International Developed Markets Equity	14.00%	4.75%
Emerging Markets Equity	5.00%	4.95%
Fixed Income	22.00%	1.75%
Inflation Protection (TIPS)	3.00%	1.50%
Cash	2.00%	0.25%
Total	100.00%	

As of December 31, 2022:

Asset Class	Target Allocation	Long-term Expected Rate
Private Equity	16.00%	5.75%
Real Estate	7.00%	5.12%
U.S. Equity	31.00%	4.35%
International Developed Markets Equity	14.00%	4.25%
Emerging Markets Equity	5.00%	4.65%
Fixed Income	22.00%	-0.50%
Inflation Protection (TIPS)	3.00%	-1.00%
Cash	2.00%	-1.05%
Total	100.00%	

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS (*continued*)

Discount Rate

The discount rate, or investment rate of return, used to measure the total pension liability was 6.875% in 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that contributions from pension plan members will be made at the current contribution rates and that contributions from participating employers will be made at actuarially determined rates as set by statute. 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 pension plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Change in the Discount Rate

The following schedule presents the Commission's proportionate share of the 2023 and 2022 net pension liability calculated using the discount rate of 6.875% for both years. It also shows what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	<u>1.0% Decrease to 5.875%</u>	<u>Current Discount Rate of 6.875%</u>	<u>1.0% Increase to 7.875%</u>
	<i>(In thousands)</i>		
Commission's share of the net pension liability as of the 12/31/23 measurement date	\$ 389,200	\$ 296,572	\$ 218,352
Commission's share of the net pension liability as of the 12/31/22 measurement date	\$ 425,028	\$ 331,574	\$ 252,646

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial statements for SERS.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 10 RETIREMENT BENEFITS (*continued*)

Payables to the Pension Plan

As of May 31, 2024 and 2023, the Commission reported a \$1.4 million and \$7.3 million liability, respectively, within accounts payable and accrued liabilities on the Statement of Net Position for the Commission's share of contributions that had not yet been paid to SERS. As of May 31, 2024 and 2023, \$0.02 million and \$0.02 million, respectively, of the amount payable to SERS was allocated to the investment plan with the remainder allocated to the pension fund.

NOTE 11 COMMITMENTS AND CONTINGENCIES

The Commission is a defendant in a number of legal proceedings pertaining to matters normally incidental to routine operations. Such litigation includes, but is not limited to, claims asserted against the Commission arising from alleged torts, alleged breaches of contracts, and condemnation proceedings. Tort claims against the Commission are generally barred by sovereign immunity, except as waived by statute. Further, to the extent waived, damages for any loss are limited by sovereign immunity to \$250,000 for each person and \$1,000,000 for each accident. Based on the current status of these legal proceedings, it is the opinion of Commission management and counsel that they will not have a material effect on the Commission's financial position.

Act 44 and Act 89

On July 18, 2007, Act 44 was enacted, creating a "public-public partnership" between the Commission and PennDOT to provide funding for roads, bridges and transit throughout the Commonwealth. Subsequently, in order to, among other things, effectuate the provisions of Act 44 requiring the Commission to make substantial annual payments to PennDOT as described in the following paragraphs, the Commission and PennDOT entered into a Lease and Funding Agreement (the Act 44 Funding Agreement), incorporating many of the terms of Act 44.

The Act 44 Funding Agreement also granted the Commission the option to lease the portion of Interstate 80 (I-80) located in the Commonwealth from PennDOT upon, among other things, the approval of the Federal Highway Administration (FHWA) of the conversion of such portion into a toll road (the Conversion). The Conversion was not approved by FHWA and neither the Commission nor PennDOT appealed the decision. The Commission did not exercise its option to lease such portion of I-80, and the period during which the Commission could exercise its option under the Act 44 Funding Agreement lapsed on October 14, 2010 without the Commission effectuating the Conversion or having the ability to do so in the future, leaving all legal, financial and operational responsibility for I-80 solely with PennDOT.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 11 **COMMITMENTS AND CONTINGENCIES** (*continued*)

Act 44 and Act 89 (*continued*)

Pursuant to Act 44 and the Act 44 Funding Agreement, the Commission is obligated to make scheduled annual payments to PennDOT (*Act 44/Act 89 Payments*). Previously, aggregate annual payments in the amount of \$450.0 million were due through 2057, payable in equal quarterly installments, with \$200.0 million of the scheduled annual payments supporting road and bridge projects and \$250.0 million supporting transit projects throughout the Commonwealth. However, commencing with fiscal year 2023, the Commission's current annual Act 44/Act 89 Payment obligation was reduced to \$50.0 million. See the following paragraphs for more information on the total amount paid by the Commission under the Amended Funding Agreement.

On November 25, 2013, Act 89 was enacted to provide (i) substantial revenue enhancements to support investment in the Commonwealth's aging transportation infrastructure, and (ii) substantial reductions in the Commission's obligations with respect to the Act 44/Act 89 Payments. The revenue enhancements providing additional funds each year for investment in the Commonwealth's transportation infrastructure were fully implemented in fiscal year 2018.

Revisions to the Commission's Act 44/Act 89 Payment obligations enacted under Act 89 were implemented by Amendment Number One to Lease and Funding Agreement (the *Act 89 Amendment* and together with the Act 44 Funding Agreement, the *Original Amended Funding Agreement*) executed by the Commission and PennDOT on April 4, 2014.

In accordance with Act 89 and the Original Amended Funding Agreement, the Commission's aggregate annual Act 44/Act 89 Payment to PennDOT for fiscal year 2014 through fiscal year 2022 was \$450.0 million, with at least \$30.0 million of such annual amount required to be paid from current revenues, and the remainder funded by the proceeds of bonds issued under the Subordinate Revenue Indenture.

The Original Amended Funding Agreement was subsequently further amended, on July 31, 2018, by Amendment Number Two to Lease and Funding Agreement (the *Amendment Two*) and on June 11, 2020, by Amendment Number Three to the Lease and Funding Agreement (the *Amendment Three*, and together with the Original Amended Funding Agreement and Amendment Two, the *Amended Funding Agreement*) both of which were executed by all parties to provide current year adjustments for certain due dates for Act 44/Act 89 Payments in fiscal years 2019 through 2021.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Act 44 and Act 89 *(continued)*

Act 89 relieved the Commission from over \$15.0 billion in future Act 44/Act 89 Payments to PennDOT during fiscal years 2023 through 2057 (the term of the Amended Funding Agreement), by reducing the Commission's aggregate annual Act 44/Act 89 Payments to PennDOT to \$50.0 million, which amount must be paid from current revenues of the Commission.

The Commission is required by the terms of the Amended Funding Agreement and Act 44 to fix and adjust tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Amended Funding Agreement when due and other obligations of the Commission, and the Commission has covenanted in the Subordinate Revenue Indenture to set tolls at a level sufficient to meet its coverage obligations taking into account any additional debt incurred in order to make such payments.

Act 44 and Act 89 provide that all Act 44/Act 89 Payments shall be subordinate obligations of the Commission payable solely from the General Reserve Fund after meeting all other Commission requirements pursuant to any financial documents, financial covenants, liquidity policies or agreements in effect at the Commission.

Open Purchase Order Commitments

The Commission had open purchase order commitments of approximately \$2.1 billion and \$2.6 billion as of May 31, 2024 and 2023, respectively.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*Interest Rate Swaps *(continued)**Recent Activity – Cash Flow Hedges*

On February 28, 2023, the Mainline and Motor License Registration Fee SIFMA Fixed Payer swaps previously assigned to Merrill Lynch were novated to Bank of America. The Bank of America ISDA was amended to remove the guarantee of Merrill Lynch Derivatives Products (MLDP). Going forward, Bank of America is the swap counterparty under both Mainline and Motor License Registration Fee ISDAs. These novations were not considered termination events. The notional amount of the Mainline SIFMA Fixed Payer is \$100.0 million. The notional amount of the Motor License Registration Fee SIFMA Fixed Payer is \$57.9 million.

On September 6, 2023, the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds were refunded by the Commission's 2023 Series Motor License Registration Fee Revenue Refunding Bonds. The SIFMA Fixed Payer swaps previously associated with the 2005 Series B, C and D Motor License Registration Fee Revenue Bonds were deemed terminated and reassigned to the 2023 Series Motor License Registration Fee Revenue Refunding Bonds. There was no change in the notional amounts of these swap agreements (see (1) hedging derivative instruments listed in Note 11). The fair values at the time of deemed termination were negative \$0.2 million with respect to the Bank of New York swap, negative \$5.1 million with respect to the JP Morgan swap, negative \$5.1 million with respect to the Bank of America swap and negative \$5.1 million with respect to the Morgan Stanley swap. These amounts are being amortized until July 15, 2041, which is the final maturity of the swap.

On November 9, 2023, the 2018 Series A-1 Senior Revenue Bonds and 2018 Series B Senior Revenue Bonds were refunded by the Commission's 2023 Series B Senior Revenue Refunding Bonds. The swaps previously associated with the 2018 Series A-1 Senior Revenue Bonds and 2018 Series B Senior Revenue Bonds were deemed terminated and reassigned to the 2023 Series B Senior Revenue Refunding Bonds. There was no change in the notional amounts of these swap agreements (see (3) and (4) hedging derivative instruments listed in Note 11). The fair values at the time of deemed termination were:

<i>(in millions)</i>	Total	Goldman Sachs	Bank of America	Morgan Stanley	Bank of New York	JP Morgan
2018 A-1	\$ 2.1	\$ 0.7	\$ 0.7	\$ 0.7	n/a	n/a
2018 B	\$ 2.4	n/a	\$ 0.6	n/a	\$ 0.6	\$ 1.2

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

Recent Activity – Cash Flow Hedges

The 2018 A-1 amounts are being amortized until December 1, 2038, which is the final maturity of the swap. The 2018 B amounts are being amortized until December 1, 2030, which is the final maturity of the swap.

On December 8, 2023, the Commission amended its existing ISDA/CSA Agreement and fixed-payer callable interest rate swap with Barclays Bank PLC. Since the transaction has been positive to the Commission, the Commission elected to amend the CSA threshold for Barclays to \$25.0 million at ratings of A+/A1 and above. (Under the ISDA, the Commission does not post collateral). In exchange, the fixed swap rate payable by the Commission was lowered by 4.5 bps (from 1.995% to 1.95%) up until the swap's first optional cancellation date of 9/3/2030.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

Following is a summary of the hedging derivative instruments in place as of May 31, 2024 and 2023. All items are fixed interest rate swap types. These hedging derivative instruments contain risks and collateral requirements as described below (in thousands).

As of May 31, 2024:

Objective	Notional Amount	Effective Date	Maturity Date	Terms*	Counterparty	Moody's/ S&P/Fitch	Book Fair Value
1. Hedge of changes of cash flows on the Series of 2023 Bonds (formerly 2005 Series B, C, D, Bonds)	\$ 57,860 57,845 57,860 57,860 <u>231,425</u>	9/6/2023 9/6/2023 9/6/2023 9/6/2023	7/15/2041 7/15/2041 7/15/2041 7/15/2041	Pay 4.2015%, receive SIFMA	Bank of New York Mellon JPMorgan Chase Bank Bank of America Morgan Stanley CS ^	Aa2/AA-/AA Aa2/A+/AA Aa1/A+/AA Aa3/A+/NR	\$ (73) (73) (73) (73) <u>(292)</u>
2. Hedge of changes of cash flows of First Series of 2022 Sub Bonds (formerly 2017 Series A Sub Bonds)	291,850	4/28/2022	12/1/2041	Pay 1.8265%; receive 70.00% SOFR + 0.1831%	Royal Bank of Canada	Aa1/AA-/AA-	43,073
3. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 A-1, 2014 B-1, 2008 B-1 & 2011 C Bonds)	5,732 5,732 5,731 <u>17,195</u>	11/9/2023 11/9/2023 11/9/2023	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	(82) (82) (82) <u>(246)</u>
4. Hedge of changes of cash flows of 2023 Series B Bonds (formerly 2018 B, 2017 B-2, 2016 A-2, 2014 B-2 & 2012 B Bonds)	17,806 17,806 35,588 <u>71,200</u>	11/9/2023 11/9/2023 11/9/2023	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% SOFR + 0.0769%	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA	(13) (13) (25) <u>(51)</u>
5. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	46,605 46,605 46,605 <u>139,815</u>	6/4/2019 6/4/2019 6/4/2019	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	6,887 6,904 6,907 <u>20,698</u>
6. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D)	20,714 20,714 41,402 <u>82,830</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% SOFR + 0.0769%	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA	1,776 1,780 3,556 <u>7,112</u>
7. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	47,663 47,663 47,664 <u>142,990</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	8,627 8,646 8,651 <u>25,924</u>
8. Hedge of changes of cash flows on the 2020 Series A Bonds (new money)	93,538	8/20/2020	12/1/2050	Pay 1.950% until 9/3/2030, 1.995% thereafter; receive SIFMA	Barclay's	A1/A+/A+	13,506
Total	\$ 1,070,843						\$ 109,724

Secured Overnight Financing Rate (SOFR) was 5.34% as of May 31, 2024.
SIFMA was 3.36% as of May 31, 2024.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR was replaced by SOFR for the applicable swap agreements.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2024 were 'A1/A-/A+' (Moody's/S&P/Fitch).

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements (*continued*)
Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

As of May 31, 2023:

Objective	Notional Amount	Effective Date	Maturity Date	Terms*	Counterparty	Moody's/S&P/Fitch	Book Fair Value
1. Hedge of changes of cash flows on the 2005 Series B, C, D, Bonds	\$ 57,860 57,845 57,860 57,860 <u>231,425</u>	12/20/2013 8/17/2005 8/17/2005 8/17/2005	7/15/2041 7/15/2041 7/15/2041 7/15/2041	Pay 4.2015%, receive SIFMA	Bank of New York Mellon JPMorgan Chase Bank Bank of America Morgan Stanley CS ^	Aa2/AA-/AA Aa2/A+/AA Aa1/A+/AA Aa3/A+/NR	\$ (2,740) (7,706) (7,706) (7,708) <u>(25,860)</u>
2. Hedge of changes of cash flows of First Series of 2022 Bonds (formerly 2017 Series A Sub Bonds)	291,850	4/28/2022	12/1/2041	Pay 2.5125% to 06/01/22. 1.8265% thereafter; receive 70.00% of 3-month LIBOR	Royal Bank of Canada	Aa1/AA-/AA	14,286
3. Hedge of changes of cash flows of 2018 Series A-1 Bonds (formerly 2014 Series B-1, 2008 Series B-1 & 2011 Series C Bonds)	5,732 5,732 5,731 <u>17,195</u>	6/28/2018 6/28/2018 6/28/2018	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	469 468 474 <u>1,411</u>
4. Hedge of changes of cash flows of 2018 Series B Bonds (formerly 2017 Series B-2, 2016 Series A-2, 2014 Series B-2 & 2012 Series B Bonds)	17,806 17,806 35,588 <u>71,200</u>	11/6/2018 11/6/2018 11/6/2018	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA	285 285 572 <u>1,142</u>
5. Hedge of changes of cash flow on the 2nd Series of 2019 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	46,605 46,605 46,605 <u>139,815</u>	6/4/2019 6/4/2019 6/4/2019	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	6,037 6,031 6,100 <u>18,168</u>
6. Hedge of changes of cash flows on the Series of 2020 Bonds (formerly 2013 Series B, 2009 Series C & 2011 Series D)	20,714 20,714 41,402 <u>82,830</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2030 12/1/2030 12/1/2030	Pay 4.403%, receive 67.00% of 1-month LIBOR	Bank of America Bank of New York Mellon JPMorgan Chase Bank	Aa1/A+/AA Aa2/AA-/AA Aa2/A+/AA	1,879 1,888 3,616 <u>7,383</u>
7. Hedge of changes of cash flow on the Series of 2020 (formerly 2014 B-1, formerly 2008 B-1 & 2011 C Bonds)	47,663 47,663 47,664 <u>142,990</u>	6/23/2020 6/23/2020 6/23/2020	12/1/2038 12/1/2038 12/1/2038	Pay 4.887%, receive SIFMA	Goldman Sachs MMDP Bank of America Morgan Stanley CS ^	Aa2/AA-/NR Aa1/A+/AA Aa3/A+/NR	7,917 7,907 7,999 <u>23,823</u>
8. Hedge of changes of cash flows on the 2020 Series A Bonds (new money)	95,918	8/20/2020	12/1/2050	Pay 1.995%, receive SIFMA	Barclay's	A1/A/A+	10,412
Total	\$ 1,073,223						\$ 50,765

1-month LIBOR was 5.193% as of May 31, 2023.
3-month LIBOR was 5.51671% as of May 31, 2023.
SIFMA was 3.56% as of May 31, 2023.

* LIBOR was permanently discontinued on June 30, 2023. Therefore, LIBOR has been replaced subsequent to the fiscal 2023 year-end for applicable swap agreements.

^ Guaranteed by Morgan Stanley & Co. whose credit ratings at May 31, 2023 were 'A1/A-/A' (Moody's/S&P/Fitch).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

- **Credit Risk** – The Commission is at risk that a counterparty will not fulfill their obligations under the agreement. Specifically, the Commission is exposed to credit risk for hedging derivative instruments that have positive full values from the counterparty and investment derivative instruments (see Note 4) that have positive fair values. As of May 31, 2024, the Commission has credit risk exposure with respect to the (2) and (8) hedging derivative instruments listed in Note 11 and with respect to the (C) investment derivative instrument listed in Note 4. However, should interest rates change and the fair values of the other swaps become positive, the Commission would have additional credit risk exposure.

To mitigate the exposure to credit risk, the swap agreements include collateral provisions in the event of downgrades to the swap counterparties' credit ratings along with the values of the swaps exceeding certain thresholds specified in the swap agreement. The Commission's derivative instrument agreements contain netting provisions, under which transactions executed with a single counterparty within a credit are netted to determine collateral amounts. Collateral would be posted with a bank custodian and would be in the form of cash, U.S. Treasury Obligations, or U.S. Government Agency Securities. As of May 31, 2024, the Commission had net credit risk exposure to two counterparties pursuant to the provisions of the respective derivative instrument agreements. Neither counterparty was required to post collateral either due to its credit ratings or because the swap value at year end was below the collateral threshold levels.

- **Interest Rate Risk** – The Commission will be exposed to variable interest rates if the swap provider for a variable-to-fixed swap agreement defaults or if a variable-to-fixed swap is terminated.
- **Market-access Risk** – The Commission is not exposed to market-access risk as of May 31, 2024 because none of the maturity dates of the hedging derivative instruments extend past the maturity date of the related debt.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES (*continued*)

Interest Rate Swaps (*continued*)

- **Basis Risk** – The Commission is exposed to basis risk on its basis swaps because the variable-rate payments received by the Commission on these derivative instruments are based on rates other than the interest rates the Commission pays on these derivative instruments. See the investment derivative instrument schedule in Note 4 for the terms of the interest rate swap agreements. The Commission’s exposure to basis risk for the swaps listed in Note 4 is as follows:
 - (A) – To the extent SIFMA exceeds 63% of SOFR + 0.0721%+0.20%
 - (B) – To the extent 67% of SOFR + 0.0767% exceeds 60.15% of the 10-year maturity of the USD-ISDA Fallback Swap Rate
 - (C) – To the extent SIFMA exceeds 99.68% of SOFR + 0.2608%
- **Termination Risk** – The swap agreements may be terminated due to a number of circumstances and the Commission retains the option to terminate the swaps at any time. If a swap agreement is terminated (by either party), the respective variable-rate bond would no longer carry a synthetic fixed interest rate. Also, if at the time of termination, the swap had a negative fair value, the Commission would be liable to the swap counterparty for a liability equal to the swap’s full value. It is generally the Commission’s intent at the time of swap execution to maintain the swap transactions for the life of the financing.
- **Collateral Requirements** – The Commission’s derivative instruments related to its Mainline Turnpike Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its senior credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the ‘A3’ (Moody’s) and ‘A-’ (S&P and Fitch) levels. The Commission’s Mainline Senior Bond rating was ‘Aa3’ from Moody’s, ‘AA-’ from S&P and ‘AA-’ from Fitch as of May 31, 2024. The Commission’s Mainline Subordinate Bond rating was ‘A2’ from Moody’s, ‘A+’ from S&P and ‘A’ from Fitch as of May 31, 2024. Based on May 31, 2024 full values, the Commission could be required to post \$36.5 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 11 COMMITMENTS AND CONTINGENCIES *(continued)*

Interest Rate Swaps *(continued)*

The Commission's derivative instruments related to its Oil Franchise Tax Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds. These thresholds vary from agreement to agreement, with most in the 'A3' (Moody's) and 'A-' (S&P and Fitch) levels. The Commission's Oil Franchise Tax Senior Bond rating was 'Aa3' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2024. Based on May 31, 2024 full values, the Commission could be required to post \$3.8 million in collateral for its derivative instruments if its ratings fall below the agreements thresholds.

The Commission's derivative instruments related to its Motor License Registration Fee Revenue Bonds require the Commission to post collateral in the form of eligible securities or cash if its credit rating falls below specified thresholds and/or in the event of certain uncured insurer events of default. These thresholds vary from agreement to agreement. The Commission's Motor License Registration Fee Revenue Bond rating was 'A1' from Moody's, 'AA-' from S&P and 'AA-' from Fitch as of May 31, 2024. Based on May 31, 2024 full values, the Commission could be required to post \$19.9 million in collateral for its derivative instruments if its ratings fall below the agreement thresholds.

NOTE 12 RELATED-PARTY TRANSACTIONS

The Commission incurred charges, from the Commonwealth's State Police, of \$75.7 million and \$65.8 million, respectively, for the fiscal years ended May 31, 2024 and 2023. These charges are primarily related to patrolling of the Turnpike System.

During fiscal year ended May 31, 2024, the Commission contributed \$1.3 million to PennDOT for construction projects related to pollutant reduction plan obligations in selected Pennsylvania watersheds.

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Commission maintains an Other Postemployment Welfare Plan Program (the Plan), for the purpose of providing benefits to eligible retirees and their dependents. The Plan is a single employer, defined benefit plan. The Commission established the Pennsylvania Turnpike Commission Retiree Medical Trust (the Trust) on May 30, 2008 as an irrevocable trust, tax-exempt under Section 115 of the Internal Revenue Code, to provide funding of the Plan's other postemployment benefits (OPEB).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS

Plan Description (*continued*)

The Trust is administered by Trustees who are appointed by and serve at the pleasure of the Commission. The chairman and vice chairman of the Trust are appointed by the Trustees and serve two-year terms. PNC Bank serves as custodian of the assets of the Plan. Disbursement of Plan assets are made by the custodian at the direction of the Trustees. The Plan's financial statements are not included in the financial statements of a public employee retirement system. The Plan issues a stand-alone financial report, which can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

Plan benefit provisions and retiree and dependent contribution rates are established and may be amended by the Commission.

Management and Supervisory Union Employees/Retirees

The benefits funded by the Trust include certain postemployment medical, prescription drug, dental and vision benefits to management and supervisory union employees based upon their age, date of hire and Pennsylvania State Employees' Retirement System (SERS) credited service. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year and includes Pennsylvania Public School Employees' Retirement System (PSERS) and military service. Any participation in SERS establishes an employee's SERS footprint. Eligibility categories include:

- Employees hired before March 1, 2016 or after with a SERS footprint, who have reached 20 years of service and are under age 60; benefit eligibility changes from 20 to 10 years for retirees 60 years of age or older. The last five years of service must be with the Commission.
- Employees hired on or after March 1, 2016 without a SERS footprint, who have reached 30 years of service and are under age 60; benefit eligibility changes from 30 to 25 years for retirees 60 years of age or older. The last 10 years of service must be with the Commission. (Some current and previous Commonwealth of Pennsylvania employees hired on or after this date would be grandfathered under the first eligibility category.)

Prior to May 20, 2020, the same coverage and cost was provided to surviving spouses or domestic partners and dependents of management and supervisory union retirees who retired after March 1, 2001. Surviving spouses or domestic partners of retirees who retired on or prior to March 1, 2001, may purchase medical, prescription, dental and/or vision coverage at the group rate and dependents are offered coverage under COBRA. Medicare Part B premiums are paid by the retiree, spouse or dependent if age 65 or over, or under age 65 and disabled. Effective May 20, 2020, domestic partners are no longer eligible to enroll.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*

Plan Description *(continued)*

Non-Supervisory Union Employees/Retirees

The benefits also include certain postemployment medical and prescription drug benefits to non-supervisory union employees who have satisfied the age and years of SERS Credited Service eligibility requirements in the applicable collective bargaining agreement. Credited Service is defined as one year of service earned when an employee works 1,650 hours or more in a calendar year and includes PSERS and military service. Eligibility categories include:

- For Local 30 Professionals who were hired prior to January 1, 2011, and retired after February 1, 2005, and for Local 250 and 77 employees who were hired prior to January 27, 2016, and retired after February 1, 2005, the earlier of completion of 20 years of Credited Service or the later of attainment of age 60 and completion of 10 years of Credited Service. The last five years of Credited Service must be with the Commission.
- For Local 30 professionals who were hired on or after January 1, 2011, and for Local 250 and 77 employees who were hired on or after January 27, 2016, the earlier of completion of 30 years of Credited Service or the later of attainment of age 60 and completion of 25 years of Credited Service. The last 10 years of Credited Service must be with the Commission. (Some current and previous Commonwealth of Pennsylvania employees hired on or after this date for Local 30 professionals would be grandfathered under the first eligibility category.)

The same coverage is provided to spouses or domestic partners and dependents of eligible non-supervisory union retirees until the death of the retiree. Surviving spouses or domestic partners are required to contribute the full cost of medical and prescription coverage and dependents are offered coverage under COBRA.

Employees Covered by Benefit Terms

As of May 31 (the measurement date), the following employees were covered by the benefit terms.

	<u>2023</u>	<u>2022</u>
Inactive plan members or beneficiaries currently receiving benefit payments	1,772	1,897
Inactive plan members entitled to but not yet receiving benefit payments	109	120
Active plan members	1,335	1,179
Total	<u>3,216</u>	<u>3,196</u>

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Contributions

The Commission adopted a Retiree Medical Trust Funding Policy, effective September 2008 and amended in June 2020, whereby the Commission anticipated approving an annual contribution to the Trust in the amount of the Actuarially Determined Contribution (ADC), as determined by the Commission's actuary, in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the approval of its annual operating budget.

A second revision to the policy was approved in April 2023. Under the new revision, the Commission anticipates approving an annual operating budget that includes annual contributions to the Trust. The Commission may take into consideration the following factors when determining the annual contribution: funded status of the Trust, estimated actuarially determined contribution, estimated service cost, current market conditions, OPEB expense projections, projected cash balances and other pertinent factors.

Retiree and spouse contribution rates as of May 31, 2023 and 2022 are as follows:

- Management and supervisory union employees who retired prior to July 1, 1998, and union employees who retired prior to October 1, 1997 – the retiree/spouse contributes the full cost of coverage less the Commission's monthly subsidy of \$19.28 once the retiree reaches age 65.
- Management and supervisory union employees who retired on July 1, 1998 or later – the retiree/spouse has no contribution once the retiree reaches age 65.
- Union employees who retired on October 1, 1997 or later – the retiree/spouse contributes the full cost of coverage, less the Commission's monthly subsidy of \$73.50 when the retiree or spouse reaches age 65.
- Beginning September 1, 2020, all management and supervisory union, Local 250, Local 77 and Local 30 professional retirees less than age 65 must contribute \$38.68 monthly towards medical and prescription coverage.
- Surviving spouses and domestic partners are paying 100% of the premiums, except for surviving spouses of management and supervisory union employees who retired after March 1, 2001.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)Net OPEB Asset/Liability

The Commission recorded a net OPEB asset of \$173.5 million and \$109.7 million as of May 31, 2024 and 2023, respectively.

Actuarial Assumptions and Discount Rate

The total OPEB liability reported as of May 31, 2024 was determined by an actuarial valuation as of May 31, 2023 which was calculated based on the discount rate and actuarial assumptions below. The total OPEB liability reported as of May 31, 2023 was determined by an actuarial valuation as of the valuation date (May 31, 2021), calculated based on the discount rate and actuarial assumptions below, and was then projected forward, using update procedures, to the measurement date (May 31, 2022). There have been no significant changes between the valuation dates and the fiscal year ends.

	<u>May 31, 2023</u>	<u>May 31, 2022</u>
Discount rate	5.5%	5.5%
Long-term expected rate of return, net of investment expense	5.5%	5.5%

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

An actuarial analysis of claims and enrollment data, related to the Plan's population, for the period September 1, 2021 through August 31, 2023 was performed and the claims cost method was adjusted based on this analysis. As stated in Note 10, Commission employees/retirees are also members of SERS. Every five years, SERS is required to conduct an actuarial experience study to determine whether the assumptions used in its annual actuarial valuations remain accurate based on current and anticipated demographic trends and economic conditions. The actuary, under oversight of the Pennsylvania State Employees' Retirement Board (SERB), reviewed economic assumptions (such as the assumed future investment returns and salary increases) as well as demographic assumptions (such as employee turnover, retirement, disability, and death rates). The 19th Investigation of Actuarial Experience study for the period January 1, 2015 – December 31, 2019 was released and approved by the SERB in July 2020. Many of the actuarial assumptions for the Plan were based on this SERS experience study (i.e. Salary, Withdrawal, Retirement, etc.).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Net OPEB Asset/Liability *(continued)**Actuarial Assumptions and Discount Rate (continued)*

Measurement date	May 31, 2023	May 31, 2022
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation	2.5%	2.5%
Salary increases for union members	2.8% plus 0.5%- 4.15% merit	3.0%
Salary increases for management members	2.8% plus 0.5%- 4.15% merit	3.3%
Amortization method	Level dollar amortization over a period of 10 years	
Asset valuation method	Market value plus receivable contributions made attributable to a prior fiscal year	

The healthcare cost trend assumption is based on the Society of Actuaries Long-Run Medical Cost Trend, utilizing the baseline assumptions included in the model for medical and prescription drug benefits.

The health cost trend assumption for benefits at sample years is as follows:

Valuation Year	Rate
2023	7.00%
2024	6.50
2025	6.00
2026	5.50
2027	5.40
2028	5.30
2029	5.20
2030 – 2031	5.10
2032	5.00
2033 – 2037	4.80
2038 – 2050	4.70
2051 – 2065	4.60
2066 – 2067	4.50
2068 – 2069	4.40
2070 – 2072	4.30
2073 – 2074	4.20
2075+	4.10

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Net OPEB Asset/Liability *(continued)**Actuarial Assumptions and Discount Rate (continued)*

Mortality rates were based on the PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2021 and projected forward on a generational basis (based on recommendation of Society of Actuaries' Retirement Plans Experience Committee), with employee rates before benefit commencement and healthy annuitant rates after benefit commencement and reflecting mortality improvements both before and after the valuation date.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. Best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	27%	4.81%
International equity	18	5.97
Rates/credit	25	1.82
Real assets	19	3.67
Multi-asset	10	2.14
Cash	1	0.20

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS (*continued*)

Changes in the Net OPEB Asset/Liability

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
	<i>(In thousands)</i>		
Balances as of May 31, 2022	\$ 462,962	\$ 572,613	\$ (109,651)
<i>Changes for the year</i>			
Service cost	8,850	-	8,850
Interest on OPEB liability	25,311	-	25,311
Differences between expected and actual experience	72,694	-	72,694
Changes of assumptions	(162,169)	-	(162,169)
Benefit payments	(21,431)	(21,431)	-
Employer contributions	-	14,652	(14,652)
Net investment income	-	(6,146)	6,146
Administrative expenses	-	(14)	14
Balances as of May 31, 2023	\$ 386,217	\$ 559,674	\$ (173,457)

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) – (b)
	<i>(In thousands)</i>		
Balances as of May 31, 2021	\$ 451,078	\$ 601,302	\$ (150,224)
<i>Changes for the year</i>			
Service cost	8,583	-	8,583
Interest on OPEB liability	24,645	-	24,645
Benefit payments	(21,344)	(21,344)	-
Employer contributions	-	13,746	(13,746)
Net investment income	-	(21,089)	21,089
Administrative expenses	-	(2)	2
Balances as of May 31, 2022	\$ 462,962	\$ 572,613	\$ (109,651)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Changes in the Net OPEB Liability *(continued)**Sensitivity Analysis*

The following presents the net OPEB (asset) liability of the Commission, calculated using the current discount rate of the respective fiscal year, as well as what the Commission's net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

	<u>1% Decrease</u> <u>(4.5%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(5.5%)</u>	<u>1% Increase</u> <u>(6.5%)</u>
		<i>(In thousands)</i>	
Net OPEB (asset) liability as of May 31, 2023	\$ (127,972)	\$ (173,457)	\$ (211,591)
Net OPEB (asset) liability as of May 31, 2022	\$ (53,008)	\$ (109,651)	\$ (156,370)

The following presents the net OPEB (asset) liability of the Commission, calculated using the current healthcare cost trend rates as well as what the net OPEB (asset) liability would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

	<u>1% Decrease</u>	<u>Current Trend</u> <u>Rate</u>	<u>1% Increase</u>
		<i>(In thousands)</i>	
Net OPEB (asset) liability as of May 31, 2023	\$ (213,671)	\$ (173,457)	\$ (124,496)
Net OPEB (asset) liability as of May 31, 2022	\$ (163,604)	\$ (109,651)	\$ (43,059)

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*Changes in the Net OPEB Liability *(continued)**OPEB Plan Fiduciary Net Position*

The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position as of and for the fiscal year ended May 31, 2024 are presented in the Basic Financial Statements section of this report. Further detailed information about the OPEB plan's fiduciary net position is available in the separately issued Pennsylvania Turnpike Commission Other Postemployment Welfare Plan Program financial statements. The stand-alone Plan financial statements can be obtained by contacting the Commission's Accounting & Financial Reporting Department.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended May 31, 2024, the Commission recognized an OPEB benefit (negative expense) of \$15.1 million. As of May 31, 2024, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 59,569	\$ 34,537
Changes of assumptions	16,324	130,461
Net difference between projected and actual earnings on OPEB plan investments	32,768	-
Contributions subsequent to measurement date	13,419	-
	<u>\$ 122,080</u>	<u>\$ 164,998</u>

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 13 OTHER POSTEMPLOYMENT BENEFITS *(continued)*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB *(continued)*

The \$13.4 million reported as deferred outflows of resources related to OPEB, resulting from Commission contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability during the fiscal year ending May 31, 2025. Other amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized as net increases/(decreases) in OPEB expense as follows:

<u>Year Ending May 31</u>		<i>(In thousands)</i>
2025	\$	(21,543)
2026		(24,776)
2027		386
2028		(10,404)
Thereafter		-
	<u>\$</u>	<u>(56,337)</u>

For the year ended May 31, 2023, the Commission recognized an OPEB benefit (negative expense) of \$9.4 million. As of May 31, 2023, the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
	<i>(In thousands)</i>	
Differences between expected and actual experience	\$ 2,829	\$ 52,193
Changes of assumptions	24,486	1,453
Net difference between projected and actual earnings on OPEB plan investments	4,039	-
Contributions subsequent to measurement date	14,652	-
	<u>\$ 46,006</u>	<u>\$ 53,646</u>

The \$14.7 million reported as deferred outflows of resources related to OPEB, resulting from Commission contributions subsequent to the measurement date, was recognized as a reduction of the net OPEB liability during the fiscal year ending May 31, 2024.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 14 SELF-INSURANCE

The Commission is exposed to various risks of losses such as theft of, damage to, and destruction of assets, errors and omissions, torts, injuries to employees and natural disasters. The Commission has purchased commercial all risk property insurance and stop loss insurance for employee medical and prescription benefits coverage. The Commission remains self-insured for torts, injuries to employees, and dental and vision benefits as well as medical and prescription benefits up to stop loss coverages. No settlements exceeded insurance coverage for each of the past three years.

The Commission recorded a liability of \$37.0million and \$37.6 million for loss and loss adjustment expenses for claims relating to workers' compensation, motor vehicle and tort self-insurance that have been incurred and for claims incurred but not reported as of May 31, 2024 and 2023, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as accounts payable and accrued liabilities are \$6.5 million and \$3.8 million as of May 31, 2024 and 2023, respectively. The workers' compensation, motor vehicle and tort self-insurance liabilities recorded as other noncurrent liabilities are \$30.5 million and \$33.8 million as of May 31, 2024 and 2023, respectively. This liability is based on GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires that a liability for claims be recorded if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The liability is calculated based on the Commission's past loss experience. The liability for vehicle and general tort was not discounted. The liability for workers' compensation was discounted using a rate of 1.5% for both fiscal years ended May 31, 2024 and 2023. The liability includes amounts for claims adjustment expense and is net of any recoveries and subrogation. Recoveries and subrogation were not material for the years ended May 31, 2024 and 2023. The Commission believes the liability established is reasonable and appropriate to provide for settlement of losses and related loss adjustment expenses.

Management believes that its reserve for claims incurred but not reported is determined in accordance with generally accepted actuarial principles and practices. However, estimating the ultimate liability is a complex and judgmental process since the amounts are based on management's informed estimates and judgments using data currently available. As additional experience and data become available regarding claim payments and reporting patterns, legislative developments and economic conditions, the estimates are revised accordingly, and the impact is reflected currently in the Commission's financial statements.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Notes to the Financial Statements *(continued)*
Years Ended May 31, 2024 and 2023

NOTE 14 SELF-INSURANCE *(continued)*

The following tables provide aggregated information on self-insurance liabilities:

	May 31, 2023 Liability	Effects of Discount as of June 1, 2023	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2024	May 31, 2024 Liability
			Current Year	Prior Years	Current Year	Prior Years		
<i>(in thousands)</i>								
<i>Year ended May 31, 2024</i>								
Workers' compensation	\$ 8,531	\$ 585	\$ 812	\$ 796	\$ (370)	\$ (1,804)	\$ (557)	\$ 7,993
Motor vehicle/general tort	29,091	-	870	(94)	(44)	(857)	-	28,966
	<u>\$ 37,622</u>	<u>\$ 585</u>	<u>\$ 1,682</u>	<u>\$ 702</u>	<u>\$ (414)</u>	<u>\$ (2,661)</u>	<u>\$ (557)</u>	<u>\$ 36,959</u>

	May 31, 2022 Liability	Effects of Discount as of June 1, 2022	Incurred Claims		Paid Claims		Effects of Discount as of May 31, 2023	May 31, 2023 Liability
			Current Year	Prior Years	Current Year	Prior Years		
<i>(in thousands)</i>								
<i>Year ended May 31, 2023</i>								
Workers' compensation	\$ 8,839	\$ 643	\$ 930	\$ 752	\$ (406)	\$ (1,642)	\$ (585)	\$ 8,531
Motor vehicle/general tort	29,932	-	850	(900)	(84)	(707)	-	29,091
	<u>\$ 38,771</u>	<u>\$ 643</u>	<u>\$ 1,780</u>	<u>\$ (148)</u>	<u>\$ (490)</u>	<u>\$ (2,349)</u>	<u>\$ (585)</u>	<u>\$ 37,622</u>

The foregoing reflects an adjustment for an increase of \$0.7 million and a decrease of \$0.1 million for the fiscal years ended May 31, 2024 and 2023, respectively, in the provision for events of prior fiscal years (Incurred Claims – Prior Years) that resulted from a change in estimate as more information became available.

NOTE 15 COMPENSATED ABSENCES

Sick leave is earned at a rate of 3.08 hours every two weeks, or 10 days per year. Unused sick leave may be carried over from year to year, up to a maximum of 18 days for Management/Local 30S/Local 30P employees and 20 days for Local 77/250 employees. In November of each year, active employees are reimbursed for all accumulated unused sick leave above the maximum. Sick leave payouts to active employees were \$1.7 million during each of the fiscal years ended May 31, 2024 and 2023.

Vacation leave is earned at varying rates, depending on years of service. Management and supervisory union employees earn between 4.62 and 8.93 hours every two weeks. Non-supervisory union employees earn between 3.08 and 7.70 hours every two weeks.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 15 COMPENSATED ABSENCES *(continued)*

Upon termination of employment, all unused sick and vacation leave is paid to the employee. The compensated absences liabilities were \$17.7 million and \$17.5 million for each of the fiscal years ended May 31, 2024 and 2023, respectively. The compensated absences liabilities recorded as accounts payable and accrued liabilities were \$9.8 million and \$9.6 million as of May 31, 2024 and 2023 respectively. The compensated absences liabilities recorded as other noncurrent liabilities were \$7.9 million and \$7.9 million as of May 31, 2024 and 2023, respectively.

A summary of changes to compensated absences for the years ended May 31, 2024 and 2023 is as follows:

Fiscal Year Ended May 31	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
			<i>(In thousands)</i>		
2024	\$ 17,511	\$ 11,955	\$ 11,737	\$ 17,729	\$ 9,751
2023	17,831	10,962	11,282	17,511	9,631

NOTE 16 LETTERS OF CREDIT

Pennsylvania insurance law requires a letter of credit, surety bond, or escrow from entities that self-insure their Workers' Compensation. As of May 31, 2024, the Commission has two standby letters of credit to satisfy the PA Turnpike's collateral requirement under the expired Owner Controlled Insurance Program (OCIP); there have been no draws against the letters of credit. The first Letter of Credit is \$185,000 with Wells Fargo Bank, N.A. for beneficiary Zurich American Insurance for the Uniontown to Brownsville Phase II OCIP. In March 2023, the Commission entered into a second Letter of Credit for \$7.0 million with PNC Bank, N.A. for beneficiary The Travelers Indemnity Co for the Mon/Fayette Expressway OCIP.

In May 2017, in lieu of a letter of credit, the Commission placed \$2.0 million into an escrow account with Wells Fargo, now held by ComputerShare as trustee, (naming Liberty Mutual as beneficiary) for the new OCIP on the U.S. 22 to I-79 portion of the Southern Beltway, which opened on October 15, 2021.

Supplemental Trust Indenture No. 50 dated as of June 1, 2019, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2019 Second Series Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A. in the amount of up to \$142.2 million for purposes of paying debt service obligations on the bonds. On April 22, 2024, the Commission entered into an extension of that Letter of Credit with a new termination date of June 1, 2028. There were no outstanding draws against the Letter of Credit as of May 31, 2024 and 2023.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 16 LETTERS OF CREDIT (*continued*)

Supplemental Trust Indenture No. 55 dated as of June 1, 2020, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2020 Series Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A in the amount of up to \$229.7 million for purposes of paying debt service obligations on the bonds. There were no outstanding draws against the Letter of Credit as of May 31, 2024 and 2023.

Supplemental Trust Indenture No. 56 dated as of August 1, 2020, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2020 Series A Senior Revenue Bonds. The Commission entered into a Letter of Credit with Barclays Bank PLC in the amount of up to \$102.2 million for purposes of paying debt service obligations on the bonds. On June 12, 2023, the Commission entered into an extension of that Letter of Credit with a new termination date of June 12, 2026. There were no outstanding draws against the Letter of Credit as of May 31, 2024 and 2023.

Supplemental Trust Indenture No. 71 dated as of November 1, 2023, amendment and restatement of the Amended and Restated Indenture of Trust dated as of March 1, 2001, between the Commission and U.S. Bank National Association required a Letter of Credit to be established for the 2023 Series B Senior Revenue Bonds. The Commission entered into a Letter of Credit with TD Bank, N.A in the amount of up to \$193.4 million for purposes of paying debt service obligations on the bonds. There were no outstanding draws against the Letter of Credit as of May 31, 2024 and 2023.

NOTE 17 SUBSEQUENT EVENTS

On June 20, 2024, the Commission executed a new \$200,000,000 line of credit with PNC Bank, N.A. The Commission secured this line of credit as a continuing liquidity safeguard and because the 2023 Line of Credit expired on June 17, 2024.

On June 27, 2024, the Commission issued \$300,000,000 of 2024 Series C Senior Revenue Bonds at a fixed rate with a maturity of December 1, 2054. The 2024 Series C Senior Revenue Bonds were primarily issued to finance the cost of various capital expenditures set forth in the Commission's Ten-Year Capital Plan, including but not limited to the reconstruction of roadbed and roadway, the widening, replacing and redecking of certain bridges and/or rehabilitation of certain interchanges and for paying the costs of issuing the 2024 Series C Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements *(continued)*

Years Ended May 31, 2024 and 2023

NOTE 17 SUBSEQUENT EVENTS *(continued)*

On August 6, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Senior Revenue Bonds or Notes and Subordinate Revenue Bonds or Notes in an aggregate principal amount not to exceed \$650,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the refunding of all or a portion of certain outstanding Senior Indenture Turnpike Revenue Bonds and/or Subordinate Indenture Turnpike Revenue Bonds, funding of any necessary reserves and funding of the costs of issuance of such bonds.

On September 3, 2024, the Commission approved the Amendment of the authorized not-to-exceed aggregate principal amount from \$250,000,000 to \$600,000,000 for one or more series or sub-series of Pennsylvania Turnpike Commission's Turnpike Subordinate Revenue Refunding Bonds, approved by Resolution of the Pennsylvania Turnpike Commission adopted October 3, 2023.

On September 4, 2024, the Commission issued \$280,495,000 of 2024 First Series Senior Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2044. The 2024 First Series Senior Revenue Refunding Bonds were primarily issued to finance the cost of refunding the 2012 Series A Senior Revenue Bonds (\$5,680,000), a portion of the 2014 Series A Senior Revenue Bonds (\$150,275,000), and the 2014 Series C Senior Revenue Bonds (\$160,305,000), and for paying the costs of issuing the 2024 First Series Senior Revenue Refunding Bonds.

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Senior Revenue Bonds in an aggregate principal amount not to exceed \$650,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the costs of various capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current Ten Year Capital Plan, the refunding of all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Senior Revenue Bonds designated by the Commission, including the modification and/or termination of related swap agreements, the funding of necessary reserves, and the funding of the costs of issuance of such Turnpike Senior Revenue Bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 17 SUBSEQUENT EVENTS (*continued*)

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Turnpike Senior Revenue Refunding Bonds in an aggregate principal amount not to exceed \$250,000,000 in one or more series or sub-series, taxable or tax-exempt for the purpose of financing the refunding of all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Senior Revenue Refunding Bonds designated by the Commission, including the modification and/or termination of related swap agreements, the funding of necessary reserves, and the obtaining and funding of costs one or more credit facilities to provide credit enhancement or liquidity support in connection with the issuance of the bonds, and the costs of issuance of such Turnpike Senior Revenue Refunding Bonds.

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's revolving line of credit, in one or more series or sub-series, fixed or floating rate, taxable or tax-exempt under its amended and restated trust indenture dated as of March 1, 2001, in an aggregate principal amount not to exceed \$200,000,000, in a single issuance or from time to time, for the purpose of funding or refinancing costs including general working capital needs of the Commission, including funding/reimbursing necessary reserves and the payment of debt service on outstanding Turnpike Revenue Bonds.

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's Registration Fee Revenue Refunding Bonds, in one or more series or sub-series, in an aggregate principal amount not to exceed \$250,000,000, to finance the costs of the current refunding of the Commission's 2023 Registration Fee Revenue Refunding Bonds, the funding of debt service reserves, entering into one or more credit facilities in connection with the issuance of the bonds, and funding the costs of issuance of such Turnpike Registration Fee Revenue Bonds, including any payments due upon amendment or termination of any existing swaps.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 17 SUBSEQUENT EVENTS (*continued*)

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's fixed and/or variable rate Turnpike Senior Revenue Bonds in an aggregate principal amount not to exceed \$600,000,000 in one or more series or sub-series, taxable or tax-exempt, for the purpose of financing the capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current Ten Year Capital Plan, refunding of all or a portion of certain outstanding fixed rate and/or variable rate Turnpike Senior Revenue Bonds designated by the Commission, including the modification and/or termination of related swap agreements, funding of necessary reserves, and funding of the costs of issuance of such Turnpike Senior Revenue Bonds; authorizing the issuance of any bonds on a forward delivery basis; authorizing a tender and exchange program with respect to the refunding of any such prior bonds issued by the Pennsylvania Turnpike Commission and authorizing the defeasance of a portion of prior bonds issued by the Pennsylvania Turnpike Commission with not to exceed \$50,000,000 in available moneys of the Pennsylvania Turnpike Commission.

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's variable and/or fixed rate Oil Franchise Tax Revenue Bonds in an aggregate principal amount not to exceed \$250,000,000 in one or more series or sub-series, taxable and/or tax-exempt, senior and/or subordinate for the purpose of financing the costs of various capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funding capital plan, including any amendment thereto, including, but not limited to, funding of capital expenditures related to the Southern Beltway or the Mon/Fayette Expressway; and the refunding of all or a portion of certain outstanding Oil Franchise Tax Revenue Bonds, including the funding of necessary reserves.

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's subordinate indenture bonds or notes, including Subordinate Revenue Bonds, bond anticipation notes and special revenue bonds, in one or more series or sub-series, fixed rate or variable rate, taxable or tax-exempt, in an aggregate initial principal amount not to exceed \$600,000,000, to finance or refinance the costs of, (a) advance or currently refunding all or a portion of any series or maturities of any bond anticipation notes, other short-term indebtedness or subordinate indenture bonds, including special revenue bonds, previously issued by the Pennsylvania Turnpike Commission, (b) any debt service reserve or similar funds, credit facility costs or capitalized interest related to such bonds; and (c) issuance of such bonds; authorizing the issuance of any bonds on a forward delivery basis; and authorizing a tender and exchange program with respect to the refunding of any of the prior bonds.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Notes to the Financial Statements (*continued*)

Years Ended May 31, 2024 and 2023

NOTE 17 SUBSEQUENT EVENTS (*continued*)

On September 17, 2024, the Commission authorized the approval of the issuance of the Pennsylvania Turnpike Commission's (i) senior indenture bonds or notes, including bond anticipation notes, and (ii) subordinate indenture bonds or notes, including Subordinate Revenue Bonds, bond anticipation notes and special revenue bonds, each in one or more series or sub-series, fixed rate, multi-modal or variable rate, taxable and/or tax-exempt, in an aggregate initial principal amount not to exceed \$500,000,000, to finance the costs of (a) currently or advance refunding all or a portion of any bond anticipation notes, other short-term indebtedness, senior indenture bonds or subordinate indenture bonds, including special revenue bonds, previously issued by the Pennsylvania Turnpike Commission, (b) any debt service reserve or similar funds or credit facility costs related to such bonds, and (c) issuance of such bonds; authorizing the issuance of any bonds on a forward delivery basis; and authorizing a tender and exchange program with respect to the refunding of any such prior bonds issued by the Pennsylvania Turnpike Commission and providing for the appointment of professionals and authorizing documents with respect thereto.

On October 8, 2024, the Commission issued \$585,140,000 of 2024 First Series Subordinate Revenue Refunding Bonds at a fixed rate with a maturity of December 1, 2043. The 2024 First Series Subordinate Revenue Refunding Bonds were primarily issued to finance the cost of purchasing the Purchased Refunded Bonds pursuant to the Tender Offer for the 2009 Series C Subordinate Revenue Bonds (\$5,045,000), 2009 Series E Subordinate Revenue Bonds (\$26,040,000), 2016 Third Series A Subordinate Revenue Refunding Bonds (\$53,250,000), 2016 Series A-2 Subordinate Revenue Bonds (\$39,310,000), 2016 Second Subordinate Revenue Refunding Bonds (\$128,450,000), 2017 Series A Subordinate Revenue Bonds (\$14,145,000), 2017 Series B-1 Subordinate Revenue Bonds (\$29,795,000), 2017 Series B-2 Subordinate Revenue Bonds (\$63,425,000), 2019 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$30,325,000), and 2020 First Series Subordinate Revenue Refunding Bonds (Federally Taxable) (\$7,750,000); defeasing and redeeming the Defeased Refunded Bonds of the 2012 Series B Subordinate Revenue Bonds (\$36,125,000), 2013 Series A Subordinate Revenue Bonds (\$580,000), 2013 Series B-1 Subordinate Revenue Bonds (\$11,005,000), 2013 Series B-3 Subordinate Revenue Bonds (\$17,925,000), 2014 Series A-1 Subordinate Revenue Bonds (\$61,130,000), 2014 Series B Subordinate Revenue Bonds (\$136,215,000); and paying for the costs of issuing the 2024 First Series Subordinate Revenue Refunding Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Commission's Proportionate Share of the Net Pension Liability –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Commission's proportion of the net pension liability	1.40316068%	1.45120227%	1.50512333%	1.57665712%	1.81091910%	1.85214667%	1.90329134%	1.96867410%	1.90799267%	1.99409814%
Commission's proportionate share of the net pension liability	\$ 296,572	\$ 331,574	\$ 219,303	\$ 288,472	\$ 329,189	\$ 385,821	\$ 329,112	\$ 379,173	\$ 346,946	\$ 296,271
Commission's covered payroll	102,236	99,939	102,582	108,555	121,643	121,127	120,641	123,365	121,085	121,579
Commission's proportionate share of the net pension liability as a percentage of its covered payroll	290.09%	331.78%	213.78%	265.74%	270.62%	318.53%	272.80%	307.36%	286.53%	243.69%
Plan fiduciary net position as a percentage of the total pension liability	65.3%	61.5%	76.0%	67.0%	63.1%	56.4%	63.0%	57.8%	58.9%	64.8%

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Schedule of Commission's Contributions –
Pennsylvania State Employees' Retirement System – Pension Fund (Unaudited)

Last 10 Fiscal Years*
(Dollar Amounts in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 34,826	\$ 32,654	\$ 31,250	\$ 30,785	\$ 37,699	\$ 37,771	\$ 38,073	\$ 33,303	\$ 27,864	\$ 22,588
Contributions in relation to the contractually required contribution	<u>(34,826)</u>	<u>(32,654)</u>	<u>(31,250)</u>	<u>(30,785)</u>	<u>(37,699)</u>	<u>(37,771)</u>	<u>(38,073)</u>	<u>(33,303)</u>	<u>(27,864)</u>	<u>(22,588)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Commission's covered payroll [^]	\$ 109,388	\$ 101,311	\$ 96,882	\$ 97,446	\$ 120,107	\$ 122,145	\$ 122,654	\$ 121,778	\$ 121,060	\$ 121,009
Contributions as a percentage of covered payroll	31.84%	32.23%	32.26%	31.59%	31.39%	30.92%	31.04%	27.35%	23.02%	18.67%

* The amounts presented for each fiscal year were determined as of the measurement date (12/31) that occurred within the Commission's fiscal year.

[^] Classes A5 and A6 became effective on January 1, 2020 and are now included in covered payroll due to the Hybrid plan including a pension fund contribution component.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Changes in the Commission's Net OPEB Liability and Related Ratios (Unaudited)

Last 10 Fiscal Years*

(Dollar Amounts in Thousands)

<i>Fiscal Year Ended</i>	05/31/24	05/31/23	05/31/22	05/31/21	05/31/20	05/31/19
<i>Measurement Date</i>	05/31/23	05/31/22	05/31/21	05/31/20	05/31/19	05/31/18
Total OPEB liability						
Service cost	\$ 8,850	\$ 8,583	\$ 11,492	\$ 11,141	\$ 11,254	\$ 10,926
Interest on total OPEB liability	25,311	24,645	28,834	27,723	26,371	25,431
Changes of benefit terms	-	-	(3,563)	-	-	-
Differences between expected and actual experience	72,694	-	(86,127)	-	8,487	(2,671)
Changes of assumptions	(162,169)	-	40,809	-	(4,358)	-
Benefit payments	(21,431)	(21,344)	(20,582)	(20,848)	(17,032)	(17,984)
Net change in total OPEB liability	(76,745)	11,884	(29,137)	18,016	24,722	15,702
Total OPEB liability, beginning	462,962	451,078	480,215	462,199	437,477	421,775
Total OPEB liability, ending (a)	386,217	462,962	451,078	480,215	462,199	437,477
Plan fiduciary net position						
Employer contributions	14,652	13,746	47,250	11,730	46,056	28,171
Net investment income	(6,146)	(21,089)	109,214	14,196	6,789	34,322
Benefit payments	(21,431)	(21,344)	(20,582)	(20,848)	(17,032)	(17,984)
Administrative expenses	(14)	(2)	(4)	(8)	(2)	(11)
Net change in plan fiduciary net position	(12,939)	(28,689)	135,878	5,070	35,811	44,498
Plan fiduciary net position, beginning	572,613	601,302	465,424	460,354	424,543	380,045
Plan fiduciary net position, ending (b)	559,674	572,613	601,302	465,424	460,354	424,543
Commission's net OPEB (asset) liability, ending = (a) - (b)	\$ (173,457)	\$ (109,651)	\$ (150,224)	\$ 14,791	\$ 1,845	\$ 12,934
Plan fiduciary net position as a % of total OPEB liability	144.9%	123.7%	133.3%	96.9%	99.6%	97.0%
Covered-employee payroll	\$ 102,207	\$ 97,486	\$ 100,154	\$ 118,560	\$ 119,730	\$ 119,391
Commission's net OPEB (asset) liability as a % of covered payroll	(169.7)%	(112.5)%	(150.0)%	12.5%	1.5%	10.8%

* The Commission adopted GASB Statement No. 75 in fiscal year 2019; therefore, only the available years are presented in the above schedule.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited)

Last 10 Fiscal Years
(Dollar Amounts in Thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 14,012	\$ 11,729	\$ 13,970	\$ 8,384	\$ 11,121	\$ 11,368	\$ 12,683
Contributions in relation to the actuarially determined contribution	<u>13,419</u>	<u>14,652</u>	<u>13,746</u>	<u>47,250</u>	<u>11,730</u>	<u>46,056</u>	<u>28,171</u>	<u>28,176</u>	<u>28,143</u>	<u>46,180</u>
Contribution (excess) deficiency	<u>\$ (13,419)</u>	<u>\$ (14,652)</u>	<u>\$ (13,746)</u>	<u>\$ (33,238)</u>	<u>\$ (1)</u>	<u>\$ (32,086)</u>	<u>\$ (19,787)</u>	<u>\$ (17,055)</u>	<u>\$ (16,775)</u>	<u>\$ (33,497)</u>
Covered-employee payroll	\$ 106,651	\$ 102,207	\$ 97,486	\$ 100,154	\$ 118,560	\$ 119,730	\$ 119,391	\$ 117,818	\$ 117,391	\$ 116,829
Contributions as a % of covered-employee payroll	12.6%	14.3%	14.1%	47.2%	9.9%	38.5%	23.6%	23.9%	24.0%	39.5%

Notes to Schedule

Full actuarial valuations are performed every other year.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2024 was calculated based on a May 31, 2023 full valuation. See Note 13 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2023 was calculated based on a May 31, 2021 full valuation and then projected forward to the May 31, 2022 measurement date. See Note 13 to the financial statements for more information.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2022 was calculated based on a May 31, 2021 full valuation.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2021 was calculated based on a May 31, 2019 full valuation and then projected forward to the May 31, 2020 measurement date.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2020 was calculated based on a May 31, 2019 full valuation.

The Actuarially Determined Contribution for the fiscal year ended May 31, 2019 was calculated based on a June 1, 2017 full valuation and then projected forward to the May 31, 2018 measurement date.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2018 was calculated based on a January 1, 2017 interim valuation that was rolled forward from the January 1, 2016 full valuation.

The Actuarially Determined Contribution (formerly Annual Required Contribution) for the fiscal year ended May 31, 2017 was calculated based on a January 1, 2016 full valuation.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited) *(continued)*

Notes to Schedule *(continued)*

A summary of the actuarial methods and assumptions used in the full valuations are as follows:

	May 31, 2023 Full Valuation	May 31, 2021 Full Valuation	May 31, 2019 Full Valuation	June 1, 2017 Full Valuation	January 1, 2016 Full Valuation
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Projected-unit credit
Discount rate	5.5%	5.5%	6.0%	6.0%	6.5%
Rate of return on assets	5.5%	5.5%	6.0%	6.0%	6.5%
Inflation rate	2.5%	2.5%	2.5%	2.3%	2.5%
Amortization method	Level dollar amortization over a period of 10 years	Level dollar amortization over a period of 10 years	Level dollar amortization over a period of 10 years	Level dollar amortization over a period of 10 years	Level dollar
<i>Amortization period</i>					
▪ - UAAL as of March 1, 2012	N/A	N/A	N/A	N/A	
▪ - Subsequent changes	N/A	N/A	N/A	N/A	10 years (closed)
Asset valuation method	Market value plus receivable contributions made attributable to a prior fiscal year	Market value plus receivable contributions made attributable to a prior fiscal year	Market value plus receivable contributions made attributable to a prior fiscal year	Market value plus receivable contributions made attributable to a prior fiscal year	10 years (open) Fair value
Health cost trend rates	Varying rates between 4.1% and 7.0% for Plan benefits.	Varying rates between 4.0% and 5.5% for Plan benefits.	Varying rates between 4.3% and 5.6% for Plan benefits.	Varying rates between 4.3% and 6.3% for medical and pharmacy benefits. 4.0% for dental and vision benefits.	Varying rates between 4.6% and 6.2% for medical and pharmacy benefits. 4.0% for dental and vision benefits.
Salary increases	2.8% plus 0.5-4.15% merit	Union – 3.0%, Management – 3.3%	Union – 3.0%, Management – 3.3%	Union – 3.0%, Management – 3.3%	Not considered as OPEB benefits are not based upon pay.
Mortality	PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2021 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	PubG-2010 mortality table adjusted to reflect Mortality Improvement Scale MP-2020 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2018 and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RPH-2014 total Dataset Mortality Tables adjusted to reflect Mortality Improvement Scale MP-2017 from 2006 base year and projected forward on a generational basis, with employee rates before benefit commencement and healthy annuitant rates after benefit commencement, and reflecting mortality improvements both before and after the valuation date.	RP-2000 Healthy Annuitant Mortality Table projected on a generational basis using Scale AA to allow for past and future improvements in mortality. The Employee table is used for pre-retirement. Rates vary by age and gender.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Commission Contributions to the Other Postemployment Welfare Plan Program (Unaudited) *(continued)*

Other Significant Changes

The January 1, 2015 interim valuation used a discount rate of 6.5%. The January 1, 2014 and March 1, 2012 full valuations used a discount rate of 7.0%. The March 1, 2010 and 2008 full valuations used a discount rate of 8.0%. The discount rate and rate of return on assets were equal for all years noted.

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OTHER SUPPLEMENTARY INFORMATION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Section Information

For accounting purposes, the Commission maintains its records in three sections: Mainline, Oil Franchise, and Motor License. These sections are based on the types of revenues and the associated bond issues.

The Mainline section consists of income and expenses directly associated with the operations of the Turnpike System. In addition, all bonds pledged against this revenue source are included in this section.

The Oil Franchise section consists of revenues received from the Commission's allocation of the Commonwealth's Oil Company Franchise Tax. This revenue is pledged against the Oil Franchise Tax Debt as listed in Note 9 to the financial statements.

The Motor License section consists of an annual income of \$28.0 million, which has been provided to the Commission pursuant to Section 20 of Act 3 of the Commonwealth of Pennsylvania. This income is pledged against the Motor License Registration Fee Debt as listed in Note 9 to the financial statements.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position – Business-type activities

	May 31, 2024			Total
	Mainline	Oil Franchise	Motor License	
<i>(In thousands)</i>				
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 355,987	\$ -	\$ -	\$ 355,987
Investments	224,582	-	-	224,582
Accounts receivable	158,966	-	-	158,966
Accrued interest receivable	2,181	-	-	2,181
Inventories	25,025	-	-	25,025
<i>Restricted current assets</i>				
Cash and cash equivalents	770,886	131,172	15,377	917,435
Investments	391,268	286,839	1,382	679,489
Accounts receivable	367	9,240	-	9,607
Accrued interest receivable	14,618	3,213	36	17,867
Total current assets	<u>1,943,880</u>	<u>430,464</u>	<u>16,795</u>	<u>2,391,139</u>
<i>Noncurrent assets</i>				
<i>Investments</i>				
Investments	262,669	-	-	262,669
Investments restricted	456,450	81,140	24,097	561,687
Total investments	<u>719,119</u>	<u>81,140</u>	<u>24,097</u>	<u>824,356</u>
<i>Capital assets not being depreciated/amortized</i>				
Land and intangibles	485,043	-	-	485,043
Assets under construction	2,096,118	-	-	2,096,118
<i>Capital assets being depreciated/amortized</i>				
Buildings	1,176,281	-	-	1,176,281
Improvements other than buildings	196,423	-	-	196,423
Equipment	664,015	-	-	664,015
Infrastructure	10,864,934	-	-	10,864,934
Right-to-use - subscriptions	12,930	-	-	12,930
Total capital assets before accumulated depreciation/amortization	15,495,744	-	-	15,495,744
Less: Accumulated depreciation/amortization	<u>7,630,043</u>	<u>-</u>	<u>-</u>	<u>7,630,043</u>
Total capital assets after accumulated depreciation/amortization	<u>7,865,701</u>	<u>-</u>	<u>-</u>	<u>7,865,701</u>
<i>Other assets</i>				
Prepaid bond insurance costs	3,510	-	214	3,724
Net OPEB asset	173,457	-	-	173,457
Other assets	70,329	-	-	70,329
Total other assets	<u>247,296</u>	<u>-</u>	<u>214</u>	<u>247,510</u>
Total noncurrent assets	<u>8,832,116</u>	<u>81,140</u>	<u>24,311</u>	<u>8,937,567</u>
Total assets	<u>10,775,996</u>	<u>511,604</u>	<u>41,106</u>	<u>11,328,706</u>
Deferred outflows of resources from hedging derivatives	296	-	293	589
Deferred outflows of resources from refunding bonds	199,985	7,057	25,601	232,643
Deferred outflows of resources from pensions	61,803	-	-	61,803
Deferred outflows of resources from OPEB	122,080	-	-	122,080
Total deferred outflows of resources	<u>384,164</u>	<u>7,057</u>	<u>25,894</u>	<u>417,115</u>
Total assets and deferred outflows of resources	\$ 11,160,160	\$ 518,661	\$ 67,000	\$ 11,745,821

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Net Position – Business-type activities *(continued)*

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
<i>Current liabilities</i>				
Accounts payable and accrued liabilities	\$ 654,365	\$ 52,080	\$ 2,206	\$ 708,651
Current portion of debt	370,350	29,020	11,715	411,085
Unearned income	127,894	-	-	127,894
Total current liabilities	<u>1,152,609</u>	<u>81,100</u>	<u>13,921</u>	<u>1,247,630</u>
<i>Noncurrent liabilities</i>				
Debt, less current portion, net of unamortized premium	15,087,008	1,618,319	312,815	17,018,142
Net pension liability	296,572	-	-	296,572
Other noncurrent liabilities	29,988	6,379	21,175	57,542
Total noncurrent liabilities	<u>15,413,568</u>	<u>1,624,698</u>	<u>333,990</u>	<u>17,372,256</u>
Total liabilities	<u>16,566,177</u>	<u>1,705,798</u>	<u>347,911</u>	<u>18,619,886</u>
Deferred inflows of resources from hedging derivatives	110,313	-	-	110,313
Deferred inflows of resources from service concession arrangements	82,600	-	-	82,600
Deferred inflows of resources from refunding bonds	20,719	150	-	20,869
Deferred inflows of resources from pensions	29,794	-	-	29,794
Deferred inflows of resources from OPEB	164,998	-	-	164,998
Deferred inflows of resources from leases	46,992	-	-	46,992
Total deferred inflows of resources	<u>455,416</u>	<u>150</u>	<u>-</u>	<u>455,566</u>
Total liabilities and deferred inflows of resources	<u>17,021,593</u>	<u>1,705,948</u>	<u>347,911</u>	<u>19,075,452</u>
NET POSITION				
Net investment in capital assets	430,108	(1,439,070)	(319,522)	(1,328,484)
Restricted for construction purposes	-	240,710	38,611	279,321
Restricted for debt service	80,202	11,073	-	91,275
Restricted for OPEB	173,457	-	-	173,457
Unrestricted	(6,545,200)	-	-	(6,545,200)
Total net position	<u>\$ (5,861,433)</u>	<u>\$ (1,187,287)</u>	<u>\$ (280,911)</u>	<u>\$ (7,329,631)</u>

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Revenues, Expenses, and Changes in Net Position – Business-type activities

	May 31, 2024			Total
	Mainline	Oil Franchise	Motor License	
	<i>(In thousands)</i>			
<i>Operating revenue</i>				
Net fares	\$ 1,608,793	\$ -	\$ -	\$ 1,608,793
Other	58,078	-	-	58,078
Total operating revenue	<u>1,666,871</u>	<u>-</u>	<u>-</u>	<u>1,666,871</u>
<i>Operating expenses</i>				
Cost of services	553,873	2,364	-	556,237
Depreciation/amortization	417,032	-	-	417,032
Total operating expenses	<u>970,905</u>	<u>2,364</u>	<u>-</u>	<u>973,269</u>
Operating income (loss)	<u>695,966</u>	<u>(2,364)</u>	<u>-</u>	<u>693,602</u>
<i>Nonoperating revenue (expenses)</i>				
Investment earnings	102,484	25,761	3,490	131,735
Other nonoperating revenue	3,516	4,612	-	8,128
Act 44 and Act 89 payments to PennDOT	(50,000)	-	-	(50,000)
Capital assets transferred to the Commonwealth	-	-	-	-
Interest and bond expense	(609,428)	(68,785)	(18,847)	(697,060)
Nonoperating expenses, net	<u>(553,428)</u>	<u>(38,412)</u>	<u>(15,357)</u>	<u>(607,197)</u>
Income (loss) before capital contributions	142,538	(40,776)	(15,357)	86,405
Capital contributions	4,806	135,248	28,000	168,054
Increase in net position	147,344	94,472	12,643	254,459
Net position, at beginning of year, as restated ¹	(6,258,501)	(1,055,890)	(269,699)	(7,584,090)
Intersection transfers	249,724	(225,869)	(23,855)	-
Net position, at end of year	<u>\$ (5,861,433)</u>	<u>\$ (1,187,287)</u>	<u>\$ (280,911)</u>	<u>\$ (7,329,631)</u>

¹ The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities

	May 31, 2024			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	\$ 1,663,003	\$ -	\$ -	\$ 1,663,003
Cash payments for goods and services	(434,403)	(1,583)	-	(435,986)
Cash payments to employees	(161,448)	(728)	-	(162,176)
Cash received from other operating activities	6,623	-	-	6,623
Net cash provided by (used in) operating activities	<u>1,073,775</u>	<u>(2,311)</u>	<u>-</u>	<u>1,071,464</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	4,079,533	1,340,860	21,647	5,442,040
Interest received on investments	39,979	9,957	896	50,832
Purchases of investments	<u>(3,881,704)</u>	<u>(1,290,526)</u>	<u>(33,810)</u>	<u>(5,206,040)</u>
Net cash provided by (used in) investing activities	<u>237,808</u>	<u>60,291</u>	<u>(11,267)</u>	<u>286,832</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	641	-	-	641
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	137,513	-	137,513
Intersection cash transfer for debt related activity	-	(2,261)	2,261	-
Construction and acquisition of capital assets	(822,922)	(245,462)	-	(1,068,384)
Proceeds from sale of capital assets	1,646	-	-	1,646
Payments for bond and swap expenses	(9,090)	(40)	(2,350)	(11,480)
Payments for debt refundings	(249,993)	-	(231,425)	(481,418)
Payments for bond maturities	(130,840)	(27,640)	(11,125)	(169,605)
Interest paid on debt	(315,029)	(73,496)	(16,619)	(405,144)
Interest subsidy from Build America Bonds	16,498	4,613	-	21,111
Proceeds from debt issuances	941,729	-	231,425	1,173,154
Net cash (used in) provided by capital and related financing activities	<u>(567,360)</u>	<u>(206,773)</u>	<u>167</u>	<u>(773,966)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(50,000)	-	-	(50,000)
Payments for debt maturities	(124,350)	-	-	(124,350)
Interest paid on debt	<u>(314,259)</u>	<u>-</u>	<u>-</u>	<u>(314,259)</u>
Net cash used in noncapital financing activities	<u>(488,609)</u>	<u>-</u>	<u>-</u>	<u>(488,609)</u>
Increase (decrease) in cash and cash equivalents	255,614	(148,793)	(11,100)	95,721
Cash and cash equivalents at beginning of year	<u>871,259</u>	<u>279,965</u>	<u>26,477</u>	<u>1,177,701</u>
Cash and cash equivalents at end of year	<u>\$ 1,126,873</u>	<u>\$ 131,172</u>	<u>\$ 15,377</u>	<u>\$ 1,273,422</u>

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

	May 31, 2024			Total
	Mainline	Oil Franchise	Motor License	
<i>(In thousands)</i>				
<i>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</i>				
Operating income (loss)	\$ 695,966	\$ (2,364)	\$ -	\$ 693,602
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>				
Depreciation/amortization	417,032	-	-	417,032
<i>Change in operating assets and liabilities</i>				
Accounts receivable	(19,696)	-	-	(19,696)
Inventories	(1,878)	-	-	(1,878)
Other assets	(2)	-	-	(2)
Net OPEB asset	(63,806)	-	-	(63,806)
Deferred outflows of resources from pensions	26,139	-	-	26,139
Deferred outflows of resources from OPEB	(76,074)	-	-	(76,074)
Accounts payable and accrued liabilities	22,788	53	-	22,841
Net pension liability	(35,002)	-	-	(35,002)
Other noncurrent liabilities	(3,160)	-	-	(3,160)
Deferred inflows of resources from pensions	(8,436)	-	-	(8,436)
Deferred inflows of resources from OPEB	111,352	-	-	111,352
Deferred inflows of resources from leases	8,552	-	-	8,552
Net cash provided by (used in) operating activities	\$ 1,073,775	\$ (2,311)	\$ -	\$ 1,071,464
<i>Reconciliation of cash and cash equivalents to the statements of net position</i>				
Cash and cash equivalents	\$ 355,987	\$ -	\$ -	\$ 355,987
Restricted cash and cash equivalents	770,886	131,172	15,377	917,435
Total cash and cash equivalents	\$ 1,126,873	\$ 131,172	\$ 15,377	\$ 1,273,422

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of \$75.5 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2024. Increases by section were: Mainline, \$57.2 million; Oil Franchise, \$17.8 million; and Motor License, \$0.5 million.

The Commission recorded \$77.6 million for the amortization of bond premium for the year ended May 31, 2024. Amortization by section was: Mainline, \$65.6 million; Oil Franchise, \$11.0 million; and Motor License, \$1.0 million.

As indicated in Note 9, the Commission refunded various bonds in fiscal year 2024. The fiscal year 2024 refundings resulted in a \$0.2 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$16.5 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2024. Amortization by section was: Mainline, \$14.4 million; Oil Franchise, \$0.5 million; and Motor License, \$1.6 million.

The Commission recorded \$0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2024. Amortization by section was: Mainline, \$0.2 million; and Motor License, \$0.1 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities *(continued)*

The Commission recorded an interest expense reduction of \$6.4 million in the Mainline section and \$0.7 million in the Motor License section for the year ended May 31, 2024 related to terminated derivative instruments.

The Commission recognized total capital contributions of \$168.1 million for fiscal year ended May 31, 2024. Cash received of \$166.2 million for fiscal year ended May 31, 2024 is reported in the capital and related financing activities of this schedule. The \$1.9 million difference between capital contributions and cash received is the primarily the result of a \$2.3 million decrease in Oil Franchise receivables and a \$0.6 million decrease in Mainline receivables related to these capital contributions offset by a \$4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

The Commission records intersection activity related to revenue, expense, asset and liability transfers between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2024 were: to Mainline, \$249.7 million; from Oil Franchise, \$225.9 million; and from Motor License, \$23.8 million.

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Section Information *(continued)*
Schedule of Net Position – Business-type activities

	May 31, 2023 (RESTATED)			
	Mainline	Oil Franchise	Motor License	Total
	<i>(In thousands)</i>			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
<i>Current assets:</i>				
Cash and cash equivalents	\$ 294,551	\$ -	\$ -	\$ 294,551
Investments	181,346	-	-	181,346
Accounts receivable	137,083	-	-	137,083
Accrued interest receivable	2,205	-	-	2,205
Inventories	23,147	-	-	23,147
<i>Restricted current assets</i>				
Cash and cash equivalents	576,708	279,965	26,477	883,150
Investments	473,008	208,039	6,944	687,991
Accounts receivable	2,403	11,505	-	13,908
Accrued interest receivable	12,682	3,503	(23)	16,162
Total current assets	<u>1,703,133</u>	<u>503,012</u>	<u>33,398</u>	<u>2,239,543</u>
<i>Noncurrent assets</i>				
<i>Investments</i>				
Investments	381,041	-	-	381,041
Investments restricted	466,465	160,154	29,967	656,586
Total investments	<u>847,506</u>	<u>160,154</u>	<u>29,967</u>	<u>1,037,627</u>
<i>Capital assets not being depreciated/amortized</i>				
Land and intangibles	475,462	-	-	475,462
Assets under construction	1,481,794	-	-	1,481,794
<i>Capital assets being depreciated/amortized</i>				
Buildings	1,099,651	-	-	1,099,651
Improvements other than buildings	190,080	-	-	190,080
Equipment	650,946	-	-	650,946
Infrastructure	10,613,104	-	-	10,613,104
Right-to-use - subscriptions	6,723	-	-	6,723
Total capital assets before accumulated depreciation/amortization	14,517,760	-	-	14,517,760
Less: Accumulated depreciation/amortization	7,347,420	-	-	7,347,420
Total capital assets after accumulated depreciation/amortization	<u>7,170,340</u>	<u>-</u>	<u>-</u>	<u>7,170,340</u>
<i>Other assets</i>				
Prepaid bond insurance costs	3,742	-	884	4,626
Net OPEB Asset	109,651	-	-	109,651
Other assets	64,554	-	-	64,554
Total other assets	<u>177,947</u>	<u>-</u>	<u>884</u>	<u>178,831</u>
Total noncurrent assets	<u>8,195,793</u>	<u>160,154</u>	<u>30,851</u>	<u>8,386,798</u>
Total assets	<u>9,898,926</u>	<u>663,166</u>	<u>64,249</u>	<u>10,626,341</u>
Deferred outflows of resources from hedging derivatives	-	-	25,860	25,860
Deferred outflows of resources from refunding bonds	220,812	7,920	11,019	239,751
Deferred outflows of resources from pensions	87,942	-	-	87,942
Deferred outflows of resources from OPEB	46,006	-	-	46,006
Total deferred outflows of resources	<u>354,760</u>	<u>7,920</u>	<u>36,879</u>	<u>399,559</u>
Total assets and deferred outflows of resources	<u>\$ 10,253,686</u>	<u>\$ 671,086</u>	<u>\$ 101,128</u>	<u>\$ 11,025,900</u>

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Net Position – Business-type activities *(continued)*

	May 31, 2023 (RESTATED)			Total
	Mainline	Oil Franchise	Motor License	
<i>(In thousands)</i>				
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
<i>Current liabilities</i>				
Accounts payable and accrued liabilities	\$ 589,062	\$ 42,203	\$ 2,374	\$ 633,639
Current portion of debt	489,135	27,640	11,125	527,900
Unearned income	122,463	-	-	122,463
Total current liabilities	<u>1,200,660</u>	<u>69,843</u>	<u>13,499</u>	<u>1,284,002</u>
<i>Noncurrent liabilities</i>				
Debt, less current portion, net of unamortized premium	14,584,746	1,656,644	325,503	16,566,893
Net pension liability	331,574	-	-	331,574
Other noncurrent liabilities	76,820	-	31,825	108,645
Total noncurrent liabilities	<u>14,993,140</u>	<u>1,656,644</u>	<u>357,328</u>	<u>17,007,112</u>
Total liabilities	<u>16,193,800</u>	<u>1,726,487</u>	<u>370,827</u>	<u>18,291,114</u>
Deferred inflows of resources from hedging derivatives	76,625	-	-	76,625
Deferred inflows of resources from service concession arrangements	89,344	-	-	89,344
Deferred inflows of resources from refunding bonds	22,102	489	-	22,591
Deferred inflows of resources from pensions	38,230	-	-	38,230
Deferred inflows of resources from OPEB	53,646	-	-	53,646
Deferred inflows of resources from leases	38,440	-	-	38,440
Total deferred inflows of resources	<u>318,387</u>	<u>489</u>	<u>-</u>	<u>318,876</u>
Total liabilities and deferred inflows of resources	<u>16,512,187</u>	<u>1,726,976</u>	<u>370,827</u>	<u>18,609,990</u>
NET POSITION				
Net investment in capital assets	191,843	(1,332,089)	(330,690)	(1,470,936)
Restricted for construction purposes	-	259,567	60,991	320,558
Restricted for debt service	68,288	16,632	-	84,920
Restricted for OPEB	109,651	-	-	109,651
Unrestricted	(6,628,283)	-	-	(6,628,283)
Total net position	<u>\$ (6,258,501)</u>	<u>\$ (1,055,890)</u>	<u>\$ (269,699)</u>	<u>\$ (7,584,090)</u>

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Revenues, Expenses, and Changes in Net Position – Business-type activities

	May 31, 2023 (RESTATED)			Total
	Mainline	Oil Franchise	Motor License	
	<i>(In thousands)</i>			
<i>Operating revenue</i>				
Net fares	\$ 1,540,705	\$ -	\$ -	\$ 1,540,705
Other	55,942	-	-	55,942
Total operating revenue	1,596,647	-	-	1,596,647
<i>Operating expenses</i>				
Cost of services	529,787	4,771	-	534,558
Depreciation/amortization	409,943	-	-	409,943
Total operating expenses	939,730	4,771	-	944,501
Operating income (loss)	656,917	(4,771)	-	652,146
<i>Nonoperating revenue (expenses)</i>				
Investment earnings	41,160	14,106	684	55,950
Other nonoperating revenue	8,040	4,616	-	12,656
Act 44 and Act 89 payments to PennDOT	(50,000)	-	-	(50,000)
Capital assets transferred to the Commonwealth	(2,852)	-	-	(2,852)
Interest and bond expense	(605,078)	(63,371)	(16,897)	(685,346)
Nonoperating expenses, net	(608,730)	(44,649)	(16,213)	(669,592)
Income (loss) before capital contributions	48,187	(49,420)	(16,213)	(17,446)
Capital contributions	10,000	132,310	28,000	170,310
Increase in net position	58,187	82,890	11,787	152,864
Net position, at beginning of year, as restated ¹	(6,454,520)	(1,000,944)	(281,490)	(7,736,954)
Intersection transfers	137,832	(137,836)	4	-
Net position, at end of year	\$ (6,258,501)	\$ (1,055,890)	\$ (269,699)	\$ (7,584,090)

¹ The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities

	May 31, 2023 <i>(RESTATED)</i>			Total
	Mainline	Oil Franchise	Motor License	
	<i>(In Thousands)</i>			
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customer tolls and deposits	\$ 1,579,233	\$ -	\$ -	\$ 1,579,233
Cash payments for goods and services	(408,945)	(3,932)	-	(412,877)
Cash payments to employees	(143,952)	(815)	-	(144,767)
Cash received from other operating activities	11,312	-	-	11,312
Net cash provided by (used in) operating activities	<u>1,037,648</u>	<u>(4,747)</u>	<u>-</u>	<u>1,032,901</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	3,070,441	1,546,108	60,043	4,676,592
Interest received on investments	29,704	6,526	852	37,082
Purchases of investments	<u>(3,062,943)</u>	<u>(1,315,592)</u>	<u>(58,979)</u>	<u>(4,437,514)</u>
Net cash provided by investing activities	<u>37,202</u>	<u>237,042</u>	<u>1,916</u>	<u>276,160</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants received from other governments	5,212	-	-	5,212
Proceeds from Motor License Registration fees	-	-	28,000	28,000
Proceeds from Oil Company Franchise Tax	-	130,812	-	130,812
Construction and acquisition of capital assets	(621,912)	(136,677)	-	(758,589)
Proceeds from sale of capital assets	1,014	-	-	1,014
Payments for bond and swap expenses	(7,345)	(40)	-	(7,385)
Payments for debt refundings	(341,272)	-	-	(341,272)
Payments for bond maturities	(113,520)	(26,385)	(10,575)	(150,480)
Interest paid on debt	(298,928)	(72,910)	(17,274)	(389,112)
Interest subsidy from Build America Bonds	8,249	2,305	-	10,554
Proceeds from debt issuances	601,826	-	-	601,826
Net cash (used in) provided by capital and related financing activities	<u>(766,676)</u>	<u>(102,895)</u>	<u>151</u>	<u>(869,420)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Cash payments to PennDOT	(50,000)	-	-	(50,000)
Payments for bond and swap expenses	(3,513)	-	-	(3,513)
Payments for debt refundings	(386,473)	-	-	(386,473)
Payments for debt maturities	(113,260)	-	-	(113,260)
Interest paid on debt	(328,664)	-	-	(328,664)
Proceeds from debt issuances	384,487	-	-	384,487
Net cash used in noncapital financing activities	<u>(497,423)</u>	<u>-</u>	<u>-</u>	<u>(497,423)</u>
(Decrease) increase in cash and cash equivalents	(189,249)	129,400	2,067	(57,782)
Cash and cash equivalents at beginning of year	<u>1,060,508</u>	<u>150,565</u>	<u>24,410</u>	<u>1,235,483</u>
Cash and cash equivalents at end of year	<u>\$ 871,259</u>	<u>\$ 279,965</u>	<u>\$ 26,477</u>	<u>\$ 1,177,701</u>

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

	May 31, 2023 (RESTATED)			Total
	Mainline	Oil Franchise	Motor License	
<i>(In Thousands)</i>				
<i>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</i>				
Operating income (loss)	\$ 656,917	\$ (4,771)	\$ -	\$ 652,146
<i>Adjustments to reconcile operating income to net cash provided by (used in) operating activities</i>				
Depreciation/amortization	409,943	-	-	409,943
<i>Change in operating assets and liabilities</i>				
Accounts receivable	(12,576)	-	-	(12,576)
Inventories	(2,739)	-	-	(2,739)
Other assets	138	-	-	138
Net OPEB asset	40,573	-	-	40,573
Deferred outflows of resources from pensions	(48,313)	-	-	(48,313)
Deferred outflows of resources from OPEB	4,630	-	-	4,630
Accounts payable and accrued liabilities	19,303	24	-	19,327
Net pension liability	112,272	-	-	112,272
Other noncurrent liabilities	(1,262)	-	-	(1,262)
Deferred inflows of resources from pensions	(71,099)	-	-	(71,099)
Deferred inflows of resources from OPEB	(69,305)	-	-	(69,305)
Deferred inflows of resources from leases	(834)	-	-	(834)
Net cash provided by (used in) operating activities	\$ 1,037,648	\$ (4,747)	\$ -	\$ 1,032,901
<i>Reconciliation of cash and cash equivalents to the statements of net position</i>				
Cash and cash equivalents	\$ 294,551	\$ -	\$ -	\$ 294,551
Restricted cash and cash equivalents	576,708	279,965	26,477	883,150
Total cash and cash equivalents	\$ 871,259	\$ 279,965	\$ 26,477	\$ 1,177,701

Note: The Commission adopted GASB Statement No. 96 for its fiscal year ended May 31, 2024. See Note 2 for further discussion on fiscal year 2023 balances that were restated.

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities

The Commission recorded a net increase of \$13.4 million in the fair value of its investments not reported as cash equivalents for the year ended May 31, 2023. Increases (decreases) by section were: Mainline, \$6.5 million; Oil Franchise, \$7.1 million; and Motor License, \$(0.2) million.

The Commission recorded \$75.6 million for the amortization of bond premium for the year ended May 31, 2023. Amortization by section was: Mainline, \$63.6 million; Oil Franchise, \$11.0 million; and Motor License, \$1.0 million.

As indicated in Note 9, the Commission refunded various bonds in fiscal year 2023. The fiscal year 2023 refundings resulted in a \$34.9 million reclassification from Mainline bond premiums (discounts) to deferred inflows of resources from refundings and \$7.6 million reclassification from Mainline bond premiums (discounts) to deferred outflows of resources from refundings. Additionally, the Commission recorded \$20.1 million for the amortization of deferred outflows/inflows of resources from refunding bonds for the year ended May 31, 2023. Amortization by section was: Mainline, \$18.8 million; Oil Franchise, \$0.4 million; and Motor License, \$0.9 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedule of Cash Flows – Business-type activities *(continued)*

Noncash Investing, Capital and Related Financing and Noncapital Financing Activities *(continued)*

The Commission recorded \$0.3 million for the amortization of prepaid bond insurance costs for the year ended May 31, 2023. Amortization by section was: Mainline, \$0.2 million; and Motor License, \$0.1 million.

The Commission recorded an interest expense reduction of \$6.5 million in the Mainline section and \$0.2 million in the Motor License section for the year ended May 31, 2023 related to terminated derivative instruments.

The Commission recognized total capital contributions of \$170.3 million for fiscal year ended May 31, 2023. Cash received of \$164.0 million for fiscal year ended May 31, 2023 is reported in the capital and related financing activities of this schedule. The \$6.3 million difference between capital contributions and cash received is the result of a \$1.5 million increase in Oil Franchise receivables related to these capital contributions and a \$4.8 million Mainline noncash capital contribution related to capital assets provided by service plaza operators. The Commission entered into agreements with a food and fuel provider to totally reconstruct the service plazas; the service plaza operators provided the capital for the reconstruction in exchange for lower rental rates. See Note 2 to the financial statements for further discussion on capital contributions and Note 6 to the financial statements for further discussion on the service plazas.

As discussed in Note 2 (Capital Assets Transferred to the Commonwealth of Pennsylvania section), during fiscal year 2023, the Commission transferred from its Mainline section IT equipment and Dynamic Message System signs with a net book value of \$2.9 million to PennDOT.

The Commission records intersection activity related to revenue, expense, asset and liability transfers between its sections. Some of the intersection entries are related to cash transfers; others are noncash transfers as required. Net intersection transfers for the year ended May 31, 2023 were: to Mainline, \$137.8 million and from Oil Franchise, \$137.8 million.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Section Information *(continued)*

Schedules of Cost of Services Detail

The following tables provide additional detail for the costs of services reported in the Statements of Revenues, Expenses, and Changes in Net Position.

Fiscal Year Ended May 31, 2024

	<u>Mainline Operating</u>	<u>Mainline Capital</u>	<u>Total Mainline</u>	<u>Oil Franchise</u>	<u>Motor License</u>	<u>Total</u>
	(in thousands)					
General and administrative	\$ 69,965	\$ 146,871	\$ 216,836	\$ 1,886	\$ -	\$ 218,722
Traffic engineering and operations	3,749	4,544	8,293	-	-	8,293
Service centers	72,570	-	72,570	-	-	72,570
Employee benefits	38,405	11,294	49,699	478	-	50,177
Toll collection	24,784	3,041	27,825	-	-	27,825
Normal maintenance	81,528	6,820	88,348	-	-	88,348
Facilities and energy mgmt. operations	11,461	9,402	20,863	-	-	20,863
Turnpike patrol	69,439	-	69,439	-	-	69,439
Total cost of services	\$ 371,901	\$ 181,972	\$ 553,873	\$ 2,364	\$ -	\$ 556,237

Fiscal Year Ended May 31, 2023

RESTATED	<u>Mainline Operating</u>	<u>Mainline Capital</u>	<u>Total Mainline</u>	<u>Oil Franchise</u>	<u>Motor License</u>	<u>Total</u>
	(in thousands)					
General and administrative	\$ 66,966	\$ 138,621	\$ 205,587	\$ 4,161	\$ -	\$ 209,748
Traffic engineering and operations	3,454	3,326	6,780	-	-	6,780
Service centers	70,033	-	70,033	-	-	70,033
Employee benefits	47,092	12,306	59,398	610	-	60,008
Toll collection	26,453	2,842	29,295	-	-	29,295
Normal maintenance	78,379	1,035	79,414	-	-	79,414
Facilities and energy mgmt. operations	12,402	6,374	18,776	-	-	18,776
Turnpike patrol	60,504	-	60,504	-	-	60,504
Total cost of services	\$ 365,283	\$ 164,504	\$ 529,787	\$ 4,771	\$ -	\$ 534,558

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STATISTICAL SECTION

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Statistical Section

This part of the Commission's Annual Comprehensive Financial Report presents detailed information as a context for understanding the information in the financial statements, note disclosures, required supplementary information and the Commission's overall financial health.

Financial Trends

Pages 144-145

These schedules contain trend information to help the reader understand how the Commission's financial performance and viability have changed over time.

Debt Capacity

Pages 146-147

These schedules present information to help the reader assess the affordability of the Commission's current levels of outstanding debt and the Commission's ability to issue additional debt.

Revenue Capacity

Pages 148-149

These schedules contain information to help the reader assess the Commission's most significant revenue source, fare revenues.

Demographic and Economic Information

Pages 150-152

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission's financial activities take place.

Operating Information

Pages 153-163

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services it provides and the activities it performs.

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Summary of Revenues and Expenses

(000s Omitted)

Fiscal Years Ended May 31

	2015	2016	2017	2018	2019	2020 *	2021	2022 (RESTATED)	2023 (RESTATED)	2024
<i>Operating revenues</i>										
Net fares	\$ 932,146	\$ 1,030,115	\$ 1,111,061	\$ 1,196,606	\$ 1,327,031	\$ 1,247,779	\$ 1,190,419	\$ 1,459,916	\$ 1,540,705	\$ 1,608,793
Other	17,589	22,576	23,335	4,668	9,574	36,004	41,130	47,283	55,942	58,078
Total operating revenues	949,735	1,052,691	1,134,396	1,201,274	1,336,605	1,283,783	1,231,549	1,507,199	1,596,647	1,666,871
<i>Operating expenses</i>										
Cost of services	459,780	471,132	517,103	494,742	509,753	533,931	509,381	438,923	534,558	556,237
Depreciation/amortization	337,664	332,941	354,343	379,401	384,104	382,088	373,924	431,195	409,943	417,032
Total operating expenses	797,444	804,073	871,446	874,143	893,857	916,019	883,305	870,118	944,501	973,269
Operating income	152,291	248,618	262,950	327,131	442,748	367,764	348,244	637,081	652,146	693,602
<i>Nonoperating revenues (expenses)</i>										
Investment earnings (loss)	17,502	29,069	14,225	18,809	83,072	90,345	15,336	(71,591)	55,950	131,735
Other nonoperating revenues	55,992	21,651	21,532	22,303	22,572	22,693	12,996	21,503	12,656	8,128
Act 44 and Act 89 payments to PennDOT	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(450,000)	(50,000)	(50,000)
Capital assets transferred to Commonwealth	(4,499)	(40,937)	(54,724)	-	(162,982)	(294)	(2,769)	(51,908)	(2,852)	-
Interest and bond expense	(465,869)	(521,021)	(560,660)	(566,137)	(620,584)	(652,901)	(671,774)	(716,212)	(685,346)	(697,060)
Nonoperating expenses, net	(846,874)	(961,238)	(1,029,627)	(975,025)	(1,127,922)	(990,157)	(1,096,211)	(1,268,208)	(669,592)	(607,197)
Loss (income) before capital contributions	(694,583)	(712,620)	(766,677)	(647,894)	(685,174)	(622,393)	(747,967)	(631,127)	(17,446)	86,405
Capital contributions	146,472	180,906	214,664	207,804	229,386	173,486	164,147	169,141	170,310	168,054
(Decrease) increase in net position	\$ (548,111)	\$ (531,714)	\$ (552,013)	\$ (440,090)	\$ (455,788)	\$ (448,907)	\$ (583,820)	\$ (461,986)	\$ 152,864	\$ 254,459

* Approximately \$32.0 million of toll-related bad debt was reclassified from other operating revenues to fare revenues to conform to the fiscal year ended May 31, 2021, financial statement presentation amounts.

Note: The Commission implemented GASB 68 & 71 in 2015 and GASB 75 in 2019; prior years have not been adjusted to reflect the implementation of these standards. As discussed in Note 2, during fiscal year 2023, balances for fiscal year 2022 were restated for the implementation of GASB Statement No. 87, Leases. Also discussed in Note 2, balances for fiscal year 2023 were restated for the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Schedule of Net Position

(000s Omitted)

Fiscal Years Ended May 31

	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2015	\$ 271,187	\$ 311,924	\$ (4,698,056)	\$ (4,114,945)
2016	(24,520)	361,798	(4,983,937)	(4,646,659)
2017	(258,038)	374,775	(5,315,409)	(5,198,672)
2018	(250,112)	304,478	(5,693,128)	(5,638,762)
2019	(623,209)	382,601	(6,001,633)	(6,242,241)
2020	(903,089)	453,932	(6,241,991)	(6,691,148)
2021	(1,115,845)	322,760	(6,481,883)	(7,274,968)
2022*#	(1,422,146)	526,050	(6,840,858)	(7,736,954)
2023^#	(1,470,936)	515,129	(6,628,283)	(7,584,090)
2024	(1,328,484)	544,053	(6,545,200)	(7,329,631)

* As discussed in Note 2, in fiscal year 2023, balances for fiscal year 2022 were restated for the implementation of GASB Statement No. 87, Leases.

^ As discussed in Note 2, balances for fiscal year 2023 were restated for the implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

During fiscal year 2024, balances for fiscal year 2022 and 2023 were updated from their previous presentation to include a reclassification of restricted for OPEB as presented in these financial statements.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Debt Coverage – All Sections

(000s Omitted)

Fiscal Years Ended May 31

	2015	2016	2017	2018 *	2019	2020	2021	2022 (RESTATED)	2023 (RESTATED)	2024
<i>Revenues and capital contributions</i>										
Operating revenues	\$ 949,735	\$ 1,052,691	\$ 1,134,396	\$ 1,201,274	\$ 1,336,605	\$ 1,283,783	\$ 1,231,549	\$ 1,507,199	\$ 1,596,647	\$ 1,666,871
Investment earnings**	17,356	24,527	23,693	25,569	39,019	39,670	25,473	28,807	42,599	56,214
Other nonoperating revenues	55,992	21,651	21,532	22,303	22,572	22,693	12,996	21,503	12,656	8,128
Capital contributions	146,472	180,906	214,664	207,804	229,386	173,486	164,147	169,141	170,310	168,054
Total revenues and capital contributions	1,169,555	1,279,775	1,394,285	1,456,950	1,627,582	1,519,632	1,434,165	1,726,650	1,822,212	1,899,267
<i>Direct expenses</i>										
Cost of services	459,780	471,132	517,103	494,742	509,753	533,931	509,381	438,923	534,558	556,237
Bond and swap expenses	10,620	14,258	16,990	11,002	8,180	12,223	10,308	12,140	11,585	19,344
Total direct expenses	470,400	485,390	534,093	505,744	517,933	546,154	519,689	451,063	546,143	575,581
<i>Net revenues available for debt service payments</i>										
	\$ 699,155	\$ 794,385	\$ 860,192	\$ 951,206	\$ 1,109,649	\$ 973,478	\$ 914,476	\$ 1,275,587	\$ 1,276,069	\$ 1,323,686
<i>Debt service payments</i>										
Debt maturity payments	\$ 115,150	\$ 138,630	\$ 122,630	\$ 251,375	\$ 224,365	\$ 186,055	\$ 41,775	\$ 218,105	\$ 263,740	\$ 293,955
Interest payments	395,223	436,073	494,301	519,173	591,837	616,570	629,587	669,651	717,776	719,403
Total debt service payments	\$ 510,373	\$ 574,703	\$ 616,931	\$ 770,548	\$ 816,202	\$ 802,625	\$ 671,362	\$ 887,756	\$ 981,516	\$ 1,013,358
Coverage	1.37	1.38	1.39	1.23	1.36	1.21	1.36	1.44	1.30	1.31

Revenues and capital contributions, direct expenses, principal payments and interest payments listed on this schedule include all sections (Mainline, Oil Franchise, and Motor License) of the Pennsylvania Turnpike Commission. Amounts listed for the principal and interest payments are for all sections and include both senior and subordinate debt. BAB Interest Subsidy is included in other nonoperating revenues.

* During FY18, the Commission retired \$100.0 million of the 2013 Series A Senior debt that was scheduled to mature on December 1, 2017. This debt was originally expected to be refunded but the Commission chose to retire this debt due to its cash position. Had the Commission chose to refund this debt as originally planned, total debt service payments for FY18 would have been \$670,548 and the FY18 coverage would have been 1.42.

** Excludes change in fair value of investments.

Note: The Commission implemented GASB 68 and 71 in 2015 and GASB 75 in 2019; prior years have not been adjusted to reflect the implementation of these standards. The Commission implemented GASB 87 in 2023; 2022 was restated accordingly. The Commission implemented GASB 96 in 2024; 2023 was restated accordingly. Years prior to the restated years have not been adjusted to reflect the implementation of the standard.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
 Ratios of Mainline Outstanding Debt* and Debt Service Payments
 (000s Omitted)
 Fiscal Years Ended May 31

	Number of Vehicles ***	Mainline Outstanding Debt*	Oil Franchise Outstanding Debt*	Motor License Outstanding Debt*	Total Outstanding Debt*	Mainline Debt Service Payments	Oil Franchise Debt Service Payments	Motor License Debt Service Payments	Total Debt Service Payments	Mainline Outstanding Debt Per Vehicle**	Mainline Debt Service Payments Per Vehicle**
2015	197,501	\$ 9,254,750	\$ 751,955	\$ 428,703	\$ 10,435,408	\$ 430,138	\$ 53,888	\$ 26,347	\$ 510,373	\$ 46.86	\$ 2.18
2016	204,783	10,540,019	733,956	420,574	11,694,549	492,380	54,578	27,745	574,703	51.47	2.40
2017	207,142	11,436,677	720,245	412,080	12,569,002	534,190	54,885	27,856	616,931	55.21	2.58
2018	209,110	12,210,090	699,006	403,175	13,312,271	691,471	50,624	28,453	770,548	58.39	3.31
2019	213,292	12,354,555	1,182,302	379,752	13,916,609	725,630	61,372	29,200	816,202	57.92	3.40
2020	189,340	13,429,674	1,157,517	369,709	14,956,900	700,962	73,787	27,876	802,625	70.93	3.70
2021	169,601	14,311,272	1,133,066	359,192	15,803,530	572,429	71,104	27,829	671,362	84.38	3.38
2022	200,103	15,089,256	1,720,097	348,175	17,157,528	786,862	73,099	27,795	887,756	75.41	3.93
2023	206,253	15,073,881	1,684,284	336,628	17,094,793	854,372	99,295	27,849	981,516	73.08	4.14
2024	209,116	15,457,358	1,647,339	324,530	17,429,227	884,478	101,136	27,744	1,013,358	73.92	4.23

* Outstanding debt is reported net of unamortized premium/discount.

** Oil Franchise and Motor License debt outstanding and debt service payments are not included in the ratios as the related debt service payments are not associated with traffic volumes.

*** The number of vehicle transactions presented for fiscal years 2015 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Traffic Statistics

(000s Omitted)

Fiscal Years Ended May 31

	Number of Vehicle Transactions*	Gross Fare Revenue	Gross Fare Revenue Per Vehicle Transaction
Passenger			
2015	170,371	\$ 533,054	\$ 3.13
2016	176,369	588,295	3.34
2017	178,244	638,787	3.58
2018	179,125	678,720	3.79
2019	181,946	740,205	4.07
2020	158,738	683,511	4.31
2021	137,714	610,353	4.43
2022	165,128	819,784	4.96
2023	170,355	868,352	5.10
2024	173,231	925,750	5.34
Commercial			
2015	27,130	\$ 401,198	\$ 14.79
2016	28,414	443,325	15.60
2017	28,898	476,189	16.48
2018	29,985	524,438	17.49
2019	31,346	595,180	18.99
2020	30,602	606,050	19.80
2021	31,887	648,458	20.34
2022	34,975	749,243	21.42
2023	35,898	793,355	22.10
2024	35,885	829,259	23.11
Total			
2015	197,501	\$ 934,252	\$ 4.73
2016	204,783	1,031,620	5.04
2017	207,142	1,114,976	5.38
2018	209,110	1,203,158	5.75
2019	213,292	1,335,385	6.26
2020	189,340	1,289,561	6.81
2021	169,601	1,258,811	7.42
2022	200,103	1,569,027	7.84
2023	206,253	1,661,707	8.06
2024	209,116	1,755,009	8.39

* The number of vehicle transactions presented for fiscal years 2015 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

Refer to page 154 for vehicle class definitions.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Traffic Statistics
Fiscal Years Ended May 31

Revenue Composition as a Percentage of Total Revenue

	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Electronic Toll Collection</u>		<u>Non-ETC</u>	<u>Total</u>
				<u>EZPass/VES</u>	<u>Toll By Plate</u>		
2015	57.06%	42.94%	100.00%	71.48%	0.00%	28.52%	100.00%
2016	57.03	42.97	100.00	74.28	0.26	25.46	100.00
2017	57.29	42.71	100.00	76.55	0.59	22.86	100.00
2018	56.41	43.59	100.00	78.86	0.81	20.33	100.00
2019	55.43	44.57	100.00	81.38	1.10	17.52	100.00
2020	53.00	47.00	100.00	84.00	2.80	13.20	100.00
2021	48.49	51.51	100.00	84.94	15.04	0.02	100.00
2022	52.25	47.75	100.00	83.47	16.53	0.00	100.00
2023	52.26	47.74	100.00	83.98	16.02	0.00	100.00
2024	52.75	47.25	100.00	83.69	16.31	0.00	100.00

Traffic Composition as a Percentage of Total Vehicles

	<u>Passenger</u>	<u>Commercial</u>	<u>Total</u>	<u>Electronic Toll Collection (ETC)</u>		<u>Non-ETC</u>	<u>Total</u>
				<u>EZPass/VES</u>	<u>Toll By Plate</u>		
2015	86.26%	13.74%	100.00%	74.95%	0.00%	25.05%	100.00%
2016	86.12	13.88	100.00	76.96	0.30	22.74	100.00
2017	86.05	13.95	100.00	79.00	0.76	20.24	100.00
2018	85.66	14.34	100.00	81.12	1.87	17.01	100.00
2019	85.30	14.70	100.00	82.58	3.03	14.39	100.00
2020	83.84	16.16	100.00	83.51	5.36	11.13	100.00
2021	81.20	18.80	100.00	77.28	22.68	0.04	100.00
2022	82.52	17.48	100.00	77.21	22.79	0.00	100.00
2023	82.60	17.40	100.00	77.40	22.60	0.00	100.00
2024	82.84	17.16	100.00	77.06	22.94	0.00	100.00

Note: The number of vehicle transactions presented for fiscal years 2015 through 2020 are slightly less than originally presented. The slight decrease is the result of a change in methodology for reporting transactions that could not be correlated due to a missing entry or exit record for the transaction. The Commission implemented this change as part of a reporting enhancement project in fiscal year 2021. Prior years were restated; therefore, counts are consistent with the current methodology.

Refer to page 154 for vehicle class definitions.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Ten Largest Commercial Customers

(000s Omitted)

Fiscal Years Ended May 31

	<u>2024</u>		<u>2015</u>	
	<u>Annual</u>	<u>Rank</u>	<u>Annual</u>	<u>Rank</u>
	<u>Fares</u>		<u>Fares</u>	
Best Pass, Inc.	\$ 225,817	1	\$ 53,295	1
Prepass Safety Alliance (Previously HELP)	179,252	2	45,393	2
ECM Transport LLC	3,077	3	1,465	10
Acme Markets, Inc.	2,054	4		
Central Transport LLC	1,582	5		
Food Haulers, Inc.	1,246	6		
Giant Eagle/OK Grocery	755	7		
New Bern Transport Corp.	666	8		
Sheetz Distribution Services LLC	570	9		
Lindy Paving, Inc.	418	10		
FedEx Ground			4,382	3
United Parcel Service, Inc.			3,117	4
Pitt-Ohio Express, Inc.			2,548	5
J. B. Hunt Transport, Inc.			2,538	6
Estes Express Lines			2,169	7
Con-way Freight System, Inc.			1,908	8
ABF Freight System, Inc.			1,610	9
	<u>\$ 415,437</u>		<u>\$ 118,425</u>	

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Percentage of PA Turnpike ETC Traffic by IAG Agency

Fiscal Years Ended May 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Pennsylvania</i> ^	71.95%	71.58%	71.53%	71.01%	71.48%	71.98%	75.84%	75.22%	75.32%	75.53%
New Jersey Agencies*	13.67	13.49	13.33	11.87	12.95	12.75	10.93	10.97	10.27	9.97
MTA Bridges & Tunnels	1.97	2.25	2.33	2.21	2.51	2.47	2.28	2.55	2.54	2.52
New York State Thruway	2.92	2.98	2.87	2.59	2.40	2.33	1.86	1.98	2.31	2.25
Port Authority NY & NJ	2.04	1.96	2.07	2.15	2.19	2.25	1.96	2.17	2.17	2.16
Ohio Turnpike	0.83	1.03	1.13	1.12	1.31	1.34	1.24	1.30	1.40	1.44
Massachusetts Turnpike Authority	0.46	0.48	0.49	0.56	0.50	0.58	1.27	1.03	1.29	1.44
Maryland Transportation Authority	1.15	1.15	1.16	1.15	1.21	1.23	1.13	1.16	1.09	1.13
Illinois State Toll Highway Authority	1.08	1.11	1.12	1.09	1.30	1.34	1.25	1.13	1.06	1.00
Virginia DOT	0.79	0.90	0.93	0.86	0.97	0.97	0.87	0.97	0.94	0.95
Delaware DOT	0.94	0.98	0.97	0.85	0.89	0.88	0.79	0.80	0.77	0.77
Florida Turnpike	n/a	n/a	n/a	n/a	n/a	n/a	0.00	0.11	0.21	0.24
Central Florida Expressway Authority	n/a	n/a	n/a	n/a	n/a	0.01	0.03	0.06	0.09	0.10
Indiana DOT	0.11	0.11	0.11	0.14	0.10	0.09	0.08	0.08	0.07	0.07
West Virginia Parkways Authority	0.17	0.17	0.17	1.23	0.16	0.17	0.15	0.13	0.17	0.03
Rhode Island Toll & Bridge Authority	0.03	0.03	0.03	0.13	0.04	0.03	0.03	0.03	0.03	0.03
Delaware River Joint Toll Bridge										
Commission	0.98	0.82	0.72	0.57	0.44	0.12	0.09	0.07	0.04	0.02
Delaware River Port Authority	0.04	0.03	0.01	0.20	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.87	0.93	1.03	2.27	1.55	1.46	0.20	0.24	0.23	0.35
Total	100.00%									

* Includes: New Jersey Highway Authority, New Jersey Turnpike Authority, South Jersey Transportation Authority, and Burlington County Bridge Commission.

^ In FY21, amounts were updated to include TBP for 2016 and forward.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Employment by Nonfarm Related Industries – Demographic and Economic⁽¹⁾

Fiscal Years Ended May 31⁽²⁾

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Employment by nonfarm related industries</i>										
<i>Private sector</i>										
<u>Goods producing</u>										
Mining and logging	37,800	34,000	25,000	26,700	28,700	28,900	23,200	21,700	22,200	22,300
Construction	229,100	235,500	239,200	249,200	255,900	261,200	241,600	254,800	259,100	259,500
Manufacturing	568,800	569,300	561,200	563,200	571,300	575,300	537,900	544,300	563,700	564,900
Total goods producing	835,700	838,800	825,400	839,100	855,900	865,400	802,700	820,800	845,000	846,700
<u>Service providing</u>										
Trade, transportation and utilities	1,102,900	1,114,000	1,118,500	1,117,800	1,123,800	1,123,400	1,059,000	1,101,900	1,141,700	1,143,000
Information	85,900	85,500	85,000	84,800	86,700	87,900	83,900	86,400	93,200	93,500
Financial activities	315,900	316,800	317,900	321,700	326,500	331,600	327,100	328,800	335,100	335,700
Professional and business services	764,900	783,100	797,200	802,400	806,300	815,200	770,300	802,500	842,100	843,400
Education and health services	1,180,800	1,192,400	1,218,900	1,245,800	1,274,800	1,295,800	1,228,800	1,228,900	1,260,700	1,265,300
Leisure and hospitality	537,700	545,400	557,500	566,800	571,900	578,000	424,400	478,400	537,300	540,300
Other services	253,400	254,700	259,300	259,700	261,000	262,400	223,900	236,100	250,900	251,700
Total service providing	4,241,500	4,291,900	4,354,300	4,399,000	4,451,000	4,494,300	4,117,400	4,263,000	4,461,000	4,472,900
Total private sector	5,077,200	5,130,700	5,179,700	5,238,100	5,306,900	5,359,700	4,920,100	5,083,800	5,306,000	5,319,600
<i>Government</i>	711,400	704,700	703,200	703,200	703,000	706,300	684,800	676,700	678,100	678,500
Total employment by nonfarm related industries	5,788,600	5,835,400	5,882,900	5,941,300	6,009,900	6,066,000	5,604,900	5,760,500	5,984,100	5,998,100

Notes: (1) Due to statutory requirements (confidentiality provisions), the Commonwealth of Pennsylvania cannot disclose the number employed by the ten largest employers. As an alternative comparison, this schedule presents the number employed by nonfarm related industries. The ten largest employers are nonfarm related; therefore, the number employed by those employers could be expected to fall within this schedule. Farming related employment is not included on this schedule because most farms are not large enough to be required to provide the necessary data to the Pennsylvania Department of Labor and Industry.

(2) Annual data provided by the Pennsylvania Department of Labor and Industry's Center for Workforce Information & Analysis website is on a calendar year basis. Therefore, the amounts presented for each fiscal year were determined for the calendar year ended (12/31) that occurred within the Commission's fiscal year. In addition, various calendar years may differ from the totals presented in the same table in the May 31, 2023, ACFR because of revised data provided on the website.

Source: Information obtained from the Pennsylvania Department of Labor and Industry's Center for Workforce Information & Analysis website (<https://www.workstats.dli.pa.gov/Research/Pages/default.aspx>).

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Number of Employees

Fiscal Years Ended May 31

Number of Employees - Union and Management

	<u>Management</u>	<u>Union</u>	<u>Total</u>
2015	435	1,626	2,061
2016	436	1,632	2,068
2017	440	1,589	2,029
2018	429	1,539	1,968
2019	432	1,492	1,924
2020	424	1,453	1,877
2021	387	967	1,354
2022	390	979	1,369
2023	426	959	1,385
2024	451	962	1,413

Bargaining Unit Affiliation: International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America

Number of Employees - Functional Area

	<u>Toll Collection - Fares</u>	<u>Maintenance</u>	<u>Other</u>	<u>Total</u>
2015	740	724	597	2,061
2016	747	728	593	2,068
2017	715	723	591	2,029
2018	671	714	583	1,968
2019	637	701	586	1,924
2020	601	706	570	1,877
2021	91	723	540	1,354
2022	94	740	535	1,369
2023	92	737	556	1,385
2024	83	760	570	1,413

Note: In response to the public health concerns resulting from the 2020 COVID-19 pandemic, the Commission moved to AET collection, removed toll collectors from toll booths and transitioned to only utilizing Toll-By-Plate and E-ZPass toll collection across the System.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Vehicle Class Definitions

(Class Determines Fare)

E-ZPASS / TOLL-BY-PLATE ^

<u>Class</u>	<u>Weight Classification</u>
1	Passenger vehicles
2*	7,001 - 15,000 lbs.
3	15,001 - 19,000 lbs.
4	19,001 - 30,000 lbs.
5	30,001 - 45,000 lbs.
6	45,001 - 62,000 lbs.
7	62,001 - 80,000 lbs.
8	80,001 - 100,000 lbs.
9	100,001 lbs. and over or over dimensional

* Also includes any vehicle combination with more than two axles but weighing less than 7,000 lbs., except motorcycles with sidecar and/or trailer.

^ Axle height definitions are used on the Southern Beltway, and at the Clarks Summit and Keyser Ave tolling points. All other TBP/AET In Place tolling points use classes listed above.

TOLL-BY-PLATE ^

L is vehicle height of 7'6" or lower H is vehicle height of higher than 7'6"	
2L	2 axle, low profile 
3L	3 axle, low profile 
4L	4 axle, low profile 
5L	5 axle, low profile 
6L	6+ axle, low profile 
2H	2 axle, high profile 
3H	3 axle, high profile 
4H	4 axle, high profile 
5H	5 axle, high profile 
6H	6 axle, high profile 
7H	7+ axle, high profile 

Permits may be required. Permits are required if the vehicle exceeds any of the following:

Length: 85 feet

Weight: 100,000 lbs.

Axle weight: 22,400 lbs.

Height: 13 feet 6 inches

Width: Over 10 feet to a maximum of 11 feet 6 inches

Bumper Overhang: Over 5 ft. front or over 15 ft. rear

Note: Some exceptions may apply. For additional information regarding these exceptions, visit our website at www.paturnpike.com or call our Customer Assistance Center.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Miscellaneous Statistics
Fiscal Years Ended May 31

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>LENGTH OF HIGHWAY</i>										
Delaware River to Ohio Line	359	359	359	359	359	359	359	359	359	359
Northeast Extension	110	110	110	110	110	110	110	110	110	110
Southwestern Expansion	83	83	83	83	83	83	83	96	96	96
<i>NUMBER OF TOLL INTERCHANGES ^{1 2}</i>										
<i>Mainline</i>										
Staffed interchanges/barriers	30	28	27	27	25	-	-	-	-	-
Cashless Tolling/Ramps	2	3	5	5	7	32	32	36	36	36
Total	32	31	32	32	32	32	32	36	36	36
<i>Northeast Extension</i>										
Staffed interchanges/barriers	10	10	10	8	8	-	-	-	-	-
Cashless Tolling/Ramps	1	1	1	3	3	11	11	11	11	11
Total	11	11	11	11	11	11	11	11	11	11
<i>Western Expansions</i>										
Staffed interchanges/barriers	25	25	20	-	-	-	-	-	-	-
Cashless Tolling/Ramps	-	-	5	25	25	25	25	26	26	26
Total	25	25	25	25	25	25	25	26	26	26
<i>NUMBER OF SERVICE PLAZAS</i>										
Delaware River to Ohio Line	15	15	15	15	15	15	15	15	15	15
Northeast Extension	2	2	2	2	2	2	2	2	2	2
<i>NUMBER OF MAINTENANCE FACILITIES</i>										
	22	22	22	22	22	22	22	23	23	23

¹ Staffed interchanges/barriers include staffed interchanges, staffed barriers and staffed ramp locations. Cashless Tolling/Ramps include slip ramps, barriers and ramp locations that are not staffed. These cashless locations only collect tolls using automated money machines, E-ZPass, Toll-By-Plate or a combination of these methods.

² Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania

Technical Data

<i>Right-of-way width</i>	Minimum	200 feet
<i>Turnpike width</i>	Delaware River to Ohio Line (4 lanes)	78 feet
	Northeastern Extension Junction to Philadelphia Interchange (6 lanes)	106 feet
	Northeastern Extension (4 lanes)	72 feet
	Southwestern Expansion	132 feet
	Totally Reconstructed Areas (various locations)	122 feet
<i>Lane width</i>	Standard	12 feet
	Northeastern Extension Junction to Philadelphia Interchange	12 feet
	Width of double lanes	24 feet
	Width of triple lanes	36 feet
<i>Curves</i>	Maximum (approximately 955 feet minimum radius) on Allegheny Mountain climbing lanes only	6 degrees
	Western Extension (Irwin - Ohio Line)	4 degrees
	Remainder of Turnpike	3 degrees
<i>Grades</i>	Mainline	3 percent
	Ramps	6 percent
	Extensions	5 percent
<i>Tunnels</i>	Allegheny	6,070 feet
	Tuscarora	5,326 feet
	Kittatinny	4,727 feet
	Lehigh	4,379 feet
	Blue Mountain	4,339 feet
<i>Major bridges</i>	Delaware River Bridge	6,571 feet
	Susquehanna River Bridges (EB/WB)*	5,918 feet
	Monongahela River Bridge	3,078 feet
	Joe Montana Bridges (NB/SB)*	2,516 feet
	Allegheny River Bridges (EB/WB)*	2,350 feet
	Park Avenue Bridges (NB/SB)*	1,788 feet
	Mahoning River Bridges (NB/SB)*	1,700 feet
	SR 51/SR 119 Interchange Bridges*	1,697 feet
	Dunlap Creek Bridges (NB/SB)*	1,675 feet
Clarks Summit Bridge	1,627 feet	
<i>Highest elevation</i>	Milepost 100.45	2,603 ft. above sea level

* When bridges are separated for directional purposes, the longer bridge length is reported.

The technical data presented does not change from year to year; therefore, a ten-year trend schedule is not presented.

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Construction

Turnpike Section	Length (Miles)	Construction Cost (Millions)	Bill Signed	Ground- breaking	Open to Traffic
<i>Original Turnpike</i>					
Carlisle - Irwin	159	\$ 76	May 21, 1937	Oct. 27, 1938	Oct. 1, 1940
<i>Philadelphia Extension</i>					
Carlisle - Valley Forge	100	87	May 16, 1940	Sept. 28, 1948	Nov. 20, 1950
<i>Western Extension:</i>					
Irwin - Ohio Line	67	77.5	June 11, 1941	Oct. 24, 1949	Dec. 26, 1951
<i>Delaware River Extension:</i>					
Valley Forge - Delaware River	33	65	May 23, 1951	Nov. 20, 1952	Nov. 17, 1954
Delaware River Bridge	1.5	Not available	May 23, 1951	June 22, 1954	May 23, 1956
<i>Northeastern Extension:</i>					
East/West Turnpike to Scranton	110	233	Sept. 27, 1951	Mar. 25, 1954	Nov. 7, 1957
<i>Mon/Fayette Expressway -</i>					
California Interchange	6	7	Sept. 1985	June 9, 1988	Oct. 12, 1990
Beaver Valley Expressway	16	240	Sept. 1985	Oct. 20, 1989	Nov. 20, 1992
Mid-County Interchange	-	80	Sept. 1985	Dec. 20, 1989	Dec. 15, 1992
Amos K. Hutchinson Bypass	13	271	Sept. 1985	Aug. 20, 1990	Dec. 9, 1993
Keyser Avenue Interchange	-	47	Sept. 1985	Not available	Feb. 1, 1995
<i>Mon/Fayette Expressway -</i>					
Mason-Dixon Link	8	132	Sept. 1985	Nov. 1, 1994	Mar. 1, 2000
<i>Mon/Fayette Expressway - I-70</i>					
to Coyle Curtain Road	4	90	Sept. 1985	June 19, 1997	May 11, 2001
<i>Mon/Fayette Expressway - Coyle</i>					
Curtain Road to SR 51	13	604	Sept. 1985	Sept. 1997	Apr. 12, 2002
<i>Southern Beltway Findlay</i>					
Connector	6	234	Aug. 1991	Nov. 12, 2003	Oct. 11, 2006
<i>Mon/Fayette Expressway -</i>					
Uniontown to Brownsville		859	Sept. 1985		
Phase 1	8			April 1, 2006	Oct. 23, 2008
Phase 2	9			April 24, 2008	July 16, 2012
<i>Southern Beltway -</i>					
US 22 to I-79	13	800	Aug. 1991	December 2016	October 15, 2021

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements

Date	Improvement
September 6, 1962	Groundbreaking on Laurel Hill Bypass and boring of second Allegheny Tunnel
October 30, 1964	Laurel Hill Bypass (3.1 miles) opened, eliminating two-lane, 4,541-foot-long Laurel Hill tunnel
March 15, 1965	Second Allegheny Tunnel opened; original tunnel closed for refurbishing
December 1965	Median barriers completed on entire east-west turnpike
April 1966	Work begins at second tunnels at Blue, Kittatinny, and Tuscarora Mountains
August 25, 1966	Original Allegheny Tunnel reopened
November 26, 1968	Sideling Hill Bypass (13.3 miles) opened, eliminating two two-lane tunnels: Ray's Hill (3,532 feet) and Sideling Hill (6,782 feet)
November 26, 1968	Second Blue, Kittatinny, and Tuscarora Tunnels opened
August 14, 1969	Median barrier completed on entire Turnpike
December 2, 1981	Completion of three climbing lane projects (Allegheny, Indian Creek, and Jacob's Creek)
May 20, 1982	Computerization and renovation of toll collection system begins
March 10, 1986	Six-lane widening project begins (junction of Northeastern Extension to Bensalem Interchange)
July 22, 1987	Computerized toll collection system placed into service
November 27, 1987	Opening of six-lane section near Philadelphia
June 9, 1988	Groundbreaking on the Mon/Fayette, six-mile link between I-70 and U.S. 40
February 14, 1989	Groundbreaking for second Lehigh Tunnel
October 20, 1989	Groundbreaking for Mahoning River Bridge
December 19, 1989	Groundbreaking for Mid-County Interchange
June 14, 1990	Groundbreaking for Beaver Valley Expressway
August 15, 1990	Groundbreaking for Amos K. Hutchinson Bypass
October 12, 1990	Opening of the first six-mile section of the Mon-Valley/Fayette Expressway linking I-70 and U.S. 40 in Washington County
November 22, 1991	Complete installation of call boxes along the Turnpike System
November 22, 1991	Opening of the second Lehigh Tunnel
November 20, 1992	Opening of the Beaver Valley Expressway (Toll 60, James E. Ross Highway), the world's first weigh barrier toll system
December 15, 1992	Opening of the new Mid-County Interchange
December 9, 1993	Opening of Amos K. Hutchinson Bypass
November 1, 1994	Groundbreaking on first section of the Mon/Fayette Expressway, at Fairchance
February 1, 1995	Opening of the Keyser Avenue Interchange
May 26, 1995	Opening of the Allentown and Sideling Hill Farmers' Markets
June 2, 1995	Groundbreaking on the Mon/Fayette I-70 to Route 51 Transportation project
November 1, 1996	Northeast Extension designated I-476
March 1, 2000	Opening of Mon/Fayette Expressway - Mason-Dixon Link
August 25, 2000	Completion of total reconstruction MP 94 - 99
December 2, 2000	Implementation of E-ZPass (electronic toll collection system) for passenger vehicles in southeastern and south central PA (interchanges 242-359)

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements (*continued*)

Date	Improvement
May 7, 2001	Reopening of the newly renovated and expanded central office administration building in Highspire, PA
May 11, 2001	Opening of I-70 to Coyle Curtain Road section of the Mon/Fayette Expressway
May 19, 2001	Expansion of E-ZPass system to six additional interchanges, 226, 236, and 74 (Mahoning Valley) to 115 (Wyoming Valley) Toll Plaza on the Northeast Extension
August 17, 2001	Completion of total reconstruction MP 186 - 199
November 2001	Interchange dual-numbering system installation completed
December 15, 2001	E-ZPass lanes for passenger vehicles available at all of the Turnpike's Mainline Interchanges
April 12, 2002	Opening of Coyle Curtain Road to SR 51 section of the Mon/Fayette Expressway
June 1, 2002	Implementation of a Wide Area Network (WAN)
August 23, 2002	Completion of total reconstruction MP 75 - 85
December 15, 2002	E-ZPass lanes for commercial vehicles available at all of the Turnpike's Mainline Interchanges
June 1, 2003	Opening of the new Warrendale Interchange
November 12, 2003	Groundbreaking for Southern Beltway Findlay Connector (PA-60 to US 22)
June 2, 2004	Opening of the first express E-ZPass lane at Warrendale Interchange (eastbound)
June 26, 2004	Opening of the second express E-ZPass lane at Warrendale Interchange (westbound)
November 23, 2004	Expansion of E-ZPass system to two additional interchanges, 122-Keyser Avenue and 131-Clarks Summit on the Northeast extension
December 9, 2004	Electronic bar code scanners installed at all interchanges
January 19, 2005	Implementation of the Tag Teller program
April 1, 2005	Completion of total reconstruction MP 109 - 121
October 12, 2005	Express E-ZPass lanes opened at Mid County Interchange
November 28, 2005	Fog warning system between Breezewood Interchange and Sideling Hill Service Plaza installed
November 2005	Total Reconstruction of MP 38 - MP 40
December 2005	Total Reconstruction of MP 85 - MP 94
January 2, 2006	One way tolling (eastbound) at Gateway Interchange (free westbound)
April 1, 2006	Groundbreaking for Mon/Fayette Uniontown to Brownsville project
June 2, 2006	Expansion of E-ZPass system to the AKH Mainline interchange
June 2006	Total Reconstruction of MP 331 - MP 333 and addition of third travel lane
October 2006	Opening of Southern Beltway Findlay Connector
January 2007	Reconstruction of Norristown Interchange, MP 333.28
February 2007	Amos K. Hutchinson and Beaver Valley Expressway completely equipped with E-ZPass
May 2007	Opening of reconstructed Oakmont Service Plaza
June 2007	Opening of newly reconstructed Susquehanna River Bridge
June 2007	Gateway Express E-ZPass opened
August 2007	Reconstruction of Lebanon-Lancaster Interchange, MP 266.45
September 2007	Reconstruction of Gettysburg Interchange, MP 236.22
October 2007	Reconstruction of Harrisburg East Interchange, MP 247.38

PENNSYLVANIA TURNPIKE COMMISSION

A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements (*continued*)

<u>Date</u>	<u>Improvement</u>
May 2008	Opening of reconstructed Allentown, Sideling Hill and North Somerset Service Plazas
June 2008	Total Reconstruction of MP 245 - MP 247 and addition of third travel lane
October 2008	Completion of Phase I of Uniontown to Brownsville portion of Mon/Fayette
November 2008	Total Reconstruction of MP 326 - MP 331 and addition of third travel lane
November 2008	Total Reconstruction of MP 124 - MP 128 and addition of third lane westbound only
May 2009	Opening of reconstructed New Stanton Service Plaza
June 2009	Total Reconstruction of MP 0 - MP 10, and MP 210 - MP 215 and addition of third travel lane
November 2009	Total Reconstruction of MP 67 - MP 75 and addition of third travel lane
May 2010	Opening of reconstructed King of Prussia Service Plaza
October 2010	Opening of reconstructed Trevoise Maintenance Facility
November 2010	Total Reconstruction of MP 48 - MP 50 and addition of third travel lane
November 2010	Opening of reconstructed Hickory Run Service Plaza
November 2010	Opening of newly reconstructed Allegheny River Bridge
November 2010	Opening of all-electronic E-ZPass Only Street Road Interchange, MP 352
May 2011	Opening of reconstructed Bowmansville and Lawn Service Plazas
May 2012	Opening of newly constructed South Somerset Service Plaza
May 2012	Opening of reconstructed Cumberland Valley and Blue Mountain Service Plazas
July 2012	Completion of Phase 2 of Uniontown to Brownsville portion of Mon/Fayette (including Monongahela River Bridge)
November 2012	Opening of newly constructed Lehigh River & Pohopoco Creek Bridges
November 2012	Total Reconstruction of MP A73 - MP A75 and addition of third travel lane
December 2012	Opening of all-electronic E-ZPass Only SR29 Interchange, MP 320
December 2012	Total Reconstruction of MP 31 - MP 38, MP 319 - MP 320, MP 215 - MP 220 and addition of third travel lane
May 2013	Opening of reconstructed Highspire and South Midway Service Plazas
July 2013	Groundbreaking for Stage 1 of the Turnpike/I-95 Interchange project
August 2013	Total Reconstruction of MP 199 - MP 202 and addition of third travel lane
April 2014	Electric vehicle charging stations installed at Bowmansville and King of Prussia Service Plazas
May 2014	Opening of reconstructed Peter J. Camiel Service Plaza
October 2014	Total Reconstruction of MP A20-A26 and addition of third travel lane
November 2014	Compressed Natural Gas fueling dispensers installed at the New Stanton Service Plaza
December 2014	Total Reconstruction of MP 206 - 210 and addition of third travel lane
February 2015	Opening of reconstructed Somerset Maintenance and PSP Facilities
May 2015	Opening of reconstructed North Midway Service Plaza
June 2015	Opening of reconstructed Plymouth Meeting Maintenance Facility
July 2015	Opening of E-ZPass Only SR903 Interchange, MP 87 on the Northeast Extension
August 2015	Opening of reconstructed Valley Forge Service Plaza
November 2015	Total Reconstruction of MP 99 - 102 and addition of third travel lane

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Turnpike Improvements (*continued*)

Date	Improvement
January 2016	Neshaminy Falls Toll Plaza, the new eastern-most start and end point of the ticket system opens and the Delaware Valley interchange and the Delaware River Bridge toll plazas are decommissioned
January 2016	Toll By Plate, a new westbound highway speed automatic cashless tolling location, opens near the Delaware River Bridge
April 2016	Total Reconstruction of MP 44 - 48 and addition of third travel lane
September 2016	Pavement Rehabilitation of MP A101 - A104
October 2016	Opening of newly reconstructed Swatara Creek Bridge
October 2016	Total Reconstruction of MP 250 - 252
December 2016	Groundbreaking for the US 22 to I-79 Section of the Southern Beltway
April 2017	Total Reconstruction of MP 220 - 227 and addition of third travel lane
April 2017	Opening of Toll By Plate cashless tolling along Beaver Valley Expressway
May 2017	Remediation of New Baltimore Slide, MP 128
November 2017	Total Reconstruction of MP A26 - A31 and addition of third travel lane
April 2018	Opening of Toll By Plate cashless tolling at Keyser Avenue/Clarks Summit
May 2018	Total Reconstruction of MP 242 - 245 and addition of third travel lane
June 2018	Total Reconstruction of MP 202 - 206 and addition of third travel lane
June 2018	Opening of Toll By Plate cashless tolling at Findlay Connector
September 2018	Opening of Stage 1 of I-95 Interchange Project connecting the Turnpike Mainline with I-95
January 2019	Conversion of Fort Littleton and Blue Mountain to cashless interchanges
July 2019	Construction starts on first major rehabilitation of the Tuscarora Tunnel
October 2019	Design and Construction starts on the installation of a Fiber Optic Network from MP 247 - H43 and from MP A20 - A131
October 2019	Total Reconstruction of MP 40 - 44 and addition of third travel lane
March 2020	Emergency conversion to All-Electronic Tolling interchanges systemwide
June 2020	Permanent conversion to All-Electronic Tolling interchanges systemwide
October 2021	Partial opening of Southern Beltway (US 22 to I-79)
November 2021	Total Reconstruction of MP A31 - A-38 and addition of third travel lane
October 2022	Total Reconstruction of MP 28 - 31 and addition of third travel lane
April 2023	Construction complete on the installation of the Fiber Optic Network from MP 247 - H43
November 2023	Construction complete on the installation of the Fiber Optic Network from MP A20 - A131
January 2024	Construction completed on first major rehabilitation of the Tuscarora Tunnel

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
 A Component Unit of the Commonwealth of Pennsylvania
 Chronology, Speed Limits

Date	Speed Limit
October 1, 1940	No speed limit established by law
April 15, 1941	70 MPH; various lower commercial speeds depending on vehicle weight
December 1941	Wartime restriction of 35 MPH for all traffic
August 1945	Wartime restriction lifted. Speed limits revert to those of April 15, 1941
July 9, 1951	70 MPH for cars, buses, motorcycles
	50 MPH for all other traffic
January 15, 1953	<i>Gateway to Breezewood</i>
	60 MPH for cars, buses
	45 MPH for trucks
May 7, 1956	<i>Breezewood to Valley Forge</i>
	70 MPH for cars, buses
	50 MPH for trucks
	<i>Bridges</i>
	45 MPH for all traffic
July 24, 1966	65 MPH for cars, buses, motorcycles
	55 MPH for commercial vehicles
November 1973	55 MPH restriction nationwide, enforced on Turnpike beginning December 2, 1973
July 13, 1995	65 MPH for cars, buses, motorcycles, and commercial vehicles, except in urban areas where
	speed limit is 55 MPH
April 3, 2001	55 MPH from milepost 75 to milepost 130 for all vehicles
April 11, 2005	65 MPH for all vehicles, except tunnels, MP 122-130, and approaches to mainline toll
	plazas will remain at 55 MPH
July 2014	70 MPH for all vehicles between MP 201 - 298
May 2016	70 MPH for all vehicles in all areas that were previously 65 MPH

Source: Pennsylvania Turnpike Commission

PENNSYLVANIA TURNPIKE COMMISSION
A Component Unit of the Commonwealth of Pennsylvania
Chronology, Toll Rates

	Statewide Average Rate Increase (All Classes)		Total Cross-State Toll (Class 1)		Total Miles (East-West Mainline)	Average Cents Per Mile	
	Cash / TBP ^	E-ZPass	Cash / TBP ^	E-ZPass	Miles	Cash / TBP ^	E-ZPass
1956*	0%	0%	\$ 3.90	\$ 0.00	359	1.1¢	0.0¢
1969	82	0	7.10	0.00	359	2.0	0.0
1978	23	0	8.70	0.00	359	2.4	0.0
1987	30	0	11.30	0.00	359	3.1	0.0
1991	30	0	14.70	0.00	359	4.1	0.0
2004	42	0	21.25	21.25	359	5.9	5.9
2009**	25	25	28.45	28.45	359	7.9	7.9
2010**	3	3	29.35	29.35	359	8.1	8.1
2011**	10	3	32.30	30.17	359	9.0	8.4
2012**	10	0	35.55	30.17	359	9.9	8.4
2013**	10	2	39.15	30.77	359	10.9	8.6
2014**	12	2	43.90	31.38	359	12.3	8.7
2015**	5	5	46.10	32.95	359	12.8	9.2
2016**	6	6	48.90	34.93	359	13.6	9.7
2017**	6	6	51.85	37.03	359	14.4	10.3
2018**	6	6	55.00	39.25	359	15.3	10.9
2019**	6	6	58.30	41.70	359	16.2	11.6
2020**	6	6	65.70	44.30	359	18.3	12.3
2021** #	6	6	95.30	47.00	359	26.5	13.1
2022**	5	5	100.20	49.50	359	27.9	13.8
2023**	5	5	105.30	52.10	359	29.3	14.5
2024**	5	5	110.70	54.80	359	30.8	15.3

Total Cross-State Toll represents Eastbound Mainline Toll for Class 1 (Passenger) from Gateway (Exit #2) to Delaware River Bridge (Exit #43 [old #359]).

- * Cross-State Toll Clarification: Although the PA Turnpike opened to traffic October 1, 1940, at the time it ran just 160 miles from Irwin, PA, to Middlesex, PA; therefore, the 1956 toll rate is used for comparison purposes as it represents the earliest, cross-state Turnpike toll.
- ** Eastbound cross-state motorists pay a “one-way” toll at the Gateway Toll Plaza (Exit #2) near the Ohio border implemented in 2006. Beginning in 2016, westbound cross-state motorists pay a “one-way” toll at the Delaware River Bridge (Exit #43 [old #359]). The ticket toll system begins at Warrendale (Exit # 30) and ends at Neshaminy Falls (Exit #353).
- ^ Effective March 16, 2020, due to the COVID-19 pandemic, the Commission implemented all-electronic tolling across the system. Tolls are collected via the Toll-By-Plate system at the cash rates.
- # An additional 45% increase over the 2020 cash rate for Toll-By-Plate motorists was implemented at most interchanges which reflects the higher cost of collections for this method.

Source: Pennsylvania Turnpike Commission.



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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE OFT INDENTURE

The following sets forth the definitions of certain terms used in the OFT Indenture and elsewhere in this Official Statement, and a summary of certain provisions of the OFT Indenture. Reference should be made to the full text of the OFT Indenture for a complete statement of all of these provisions and other provisions. Copies of the OFT Indenture may be obtained as described in the forepart of this Official Statement. Capitalized terms used but not defined herein shall have the meanings set forth in the forepart of this Official Statement.

DEFINITIONS OF CERTAIN TERMS

"Additional Bonds" shall mean Bonds of any series including Additional Senior Bonds and Additional Subordinated Bonds authorized under the OFT Indenture and duly executed, authenticated, issued and delivered pursuant to the provisions thereof, other than currently Outstanding Bonds. Such term shall include, without limitation, notes, commercial paper, mandatory tender bonds, bond and grant anticipation notes, variable rate bonds, capital appreciation bonds, obligations secured only as to regularly scheduled interest payments by the Tax Revenues and the Trust Estate and any other evidence of indebtedness which the Commission is legally authorized to issue under the OFT Indenture.

"Additional Projects" shall mean the improvements, extensions and replacements to the Pennsylvania Turnpike System financed or refinanced with the proceeds of Additional Bonds under Section 210 of the OFT Indenture.

"Assumed Variable Rate" shall mean the maximum established rate for any Variable Rate Indebtedness then outstanding.

"Authenticating Agent" shall mean the Person or Persons designated and authorized to authenticate any series of Bonds or such Person designated by the Authenticating Agent to serve such function, and shall at this time be the Trustee with respect to the 2025 Bonds.

"Average Principal and Interest Requirements" shall mean, as to any Bonds under consideration, the sum of the Principal and Interest Requirements for the Fiscal Years contained in the period under consideration with respect to such Bonds divided by the number of fiscal years contained in such period. Any determination of the Average Principal and Interest Requirements with respect to a number of series of Bonds outstanding shall be made based on the combined Principal and Interest Requirements of all such Bonds at the time outstanding. The "period under consideration" shall mean the period beginning with the date of calculation and ending with the final maturity of Bonds under consideration.

"Balloon Indebtedness" shall mean a series of Bonds 25% or more of the principal of which matures on the same date and is not required by the documents governing such indebtedness to be amortized by payment or redemption prior to such date. If any Series of Bonds consists partially

of Variable Rate Indebtedness and partially of Fixed Rate Indebtedness the portion constituting Variable Rate Indebtedness and the portion constituting Fixed Rate Indebtedness shall be treated as separate series for purpose of determining whether any such indebtedness constitutes Balloon Indebtedness.

"Bank" shall mean, as to any Series of Bonds, each financial institution (other than a Bond Insurer) providing a letter of credit, a line of credit, a guaranty or another credit or liquidity enhancement facility as designated in the Supplemental Indenture providing for the issuance of such Bonds.

"Bank Fee" shall mean any commission, fee or expense payable to a Bank pursuant to a Reimbursement Agreement (but not amounts payable as reimbursement for amounts drawn under a Credit Facility or interest on such amounts).

"Bond" shall mean any Additional Bond issued under the provisions of the OFT Indenture.

"Bond Counsel" shall mean any attorney or firm of attorneys whose experience in matters relating to the issuance of tax-exempt obligations is nationally recognized.

"Bond Insurer" shall mean, as to any series of Bonds, the bond insurer undertaking to insure such Bonds.

"Bond Owner", "holder", "owner" or "registered owner" shall mean the Person in whose name a Bond is registered on the books maintained by the Bond Registrar except as otherwise provided in the OFT Indenture.

"Bond Registrar" shall mean the Trustee when acting as such, and any other bank or trust company designated and at the time serving as bond registrar under the OFT Indenture.

"Business Day" shall mean a day other than (i) a Saturday and Sunday, (ii) a day on which the Trustee, Paying Agent or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

"Certificates of Deposit" shall mean negotiable or nonnegotiable certificates of deposit, time deposits or other similar banking arrangements issued by the Trustee or by any bank or trust company, including any depository under the OFT Indenture, which has a combined capital and surplus of not less than \$200,000,000, to be fully secured by Government Obligations or direct and general obligations of the Commonwealth of Pennsylvania. Such security shall have an aggregate market value, exclusive of accrued interest, at all times at least equal to the amount of such Certificate of Deposit. Such security shall be deposited with a Federal Reserve Bank or with the trust department of the Trustee.

"Clearing Fund" shall mean the special fund of that name created by the OFT Indenture.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and, when appropriate, any statutory predecessor or successor thereto, and all applicable regulations (whether proposed,

temporary or final) thereunder and any applicable official rulings, announcements, notices, procedures and judicial determinations relating to the foregoing.

"Commission Official" shall mean any commissioner, director, officer or employee of the Commission authorized to perform specific acts or duties by resolution duly adopted by the Commission.

"Consultant" shall mean a Person who shall be independent, appointed by the Commission as needed, qualified and having a nationwide and favorable reputation for skill and experience in such work for which the Consultant was appointed. In those situations in which a Consultant is appointed to survey risks and to recommend insurance coverage, such Consultant may not be a broker agent with whom the Commission transacts business.

"Cost" as applied to any Project financed under the provisions of the OFT Indenture, shall include, without intending thereby to limit or restrict any proper definition of such word under the provisions of the act authorizing such Project, all obligations and expenses and all items of cost which are set forth in the OFT Indenture.

"Credit Facility" shall mean any letter of credit, line of credit, standby letter of credit, indemnity or surety or municipal bond insurance policy or agreement to purchase a debt obligation or any similar extension of credit, credit enhancement or liquidity support obtained by the Commission from a financial or insurance institution, to provide for or to secure payment of principal and/or purchase price of and/or interest on Bonds pursuant to the provisions of a Supplemental Indenture under which such Bonds are issued.

"Defeasance Securities" shall mean:

1. Cash,
2. U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series "SLGs"),
3. Direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury and CATS, TIGRS and similar securities,
4. Resolution Funding Corp. strips which have been stripped by the Federal Reserve Bank of New York,
5. Pre-refunded obligations of a state or municipality rated in the highest rating category by the Rating Agency, and
6. Obligations issued by the following agencies which are backed by the full faith and credit of the
 - a. U.S. Export-Import Bank
 - b. Farmers Home Administration
Certificates of beneficial ownership

- c. Federal Financing Bank
- d. General Services Administration
Participation Certificates
- e. U.S. Maritime Administration
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures U.S.
Housing Notes and Bonds - U.S. government guaranteed public housing notes
- g. U.S. Public Housing Notes and Bonds
U.S. government guaranteed public housing notes and bonds.

"DTC" means The Depository Trust Company (a limited purpose trust company), New York, New York.

"Enabling Acts" shall have the meaning set forth in the OFT Indenture.

"Event of Default" shall mean those events specified in the OFT Indenture and summarized under 'Events of Default' below.

"Extraordinary Event" shall mean the amendment or repeal of Section 54AA or 6431 of the Code (as such sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (H.R. 1) pertaining to "Build America Bonds") if the effect of such amendment or repeal is to reduce or eliminate the Issuer Subsidy.

"Fiscal Year" means the fiscal year of the Commission, currently the 12-month period beginning on the first day of June of each calendar year and ending on the last day of May of the following calendar year.

"Fixed Rate Indebtedness" shall mean (i) any indebtedness other than Variable Rate Indebtedness and (ii) indebtedness which, except for this clause (ii), would be Variable Rate Indebtedness with respect to which the Commission has entered into an interest rate swap agreement with an entity which has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without reference to such gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on one or more rates of interest each of which is established at a single numerical rate for the entire remaining term of such agreement, provided that such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only while such agreement remains in effect and if any counterparty thereto is not in default thereunder, and provided further that, for purposes of determining whether the conditions set forth in the OFT Indenture have been satisfied, such Variable Rate Indebtedness shall be deemed to be Fixed Rate Indebtedness only if the terms of such agreement provide that it will remain in effect as long as any Bond to which such agreement relates is Outstanding. Notwithstanding the foregoing, if two Series of Bonds constituting Variable Rate Indebtedness, or one or more maturities within a Series, are issued simultaneously with inverse floating interest rates providing a composite fixed

interest rate for such Bonds taken as a whole, such Bonds shall constitute Fixed Rate Indebtedness.

"Government Obligations" shall mean direct obligations of, or obligations, the principal and interest of which are unconditionally guaranteed by, the United States of America.

"Historic Tax Revenues" shall mean Tax Revenues for any 12 consecutive calendar months within the preceding 24 months, with such adjustments as may be required by the OFT Indenture.

"Interest Payment Date" has the meaning with respect to the 2025 Bonds each June 1 and December 1, commencing June 1, 2026, through and including the redemption date or maturity date for the 2025 Bonds.

"Issuer Subsidy" means the cash subsidy payment made by the United States Treasury to the Commission relating to the 2009B Bonds and the 2009E Bonds pursuant to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009 (H.R.1) pertaining to "Build America Bonds").

"Maximum Principal and Interest Requirements" shall mean, as to any Bonds under consideration, the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Bonds in question.

"OFT Indenture" shall mean the Original Indenture as previously amended and supplemented, together with the Tenth Supplemental Indenture.

"Oil Franchise Tax" means the "oil company franchise tax for highway maintenance and construction" imposed by the Commonwealth pursuant to 75 Pa. C.S.A. Chap. 95.

"Oil Franchise Tax General Fund" shall mean the special fund created by the OFT Indenture.

"Opinion of Counsel" shall mean an opinion or opinions in writing signed by an attorney who is, or a firm of attorneys at law which has a member who is, admitted to practice before the Supreme Court of the Commonwealth of Pennsylvania who may (except as otherwise expressly provided in the OFT Indenture) be counsel to the Commission who renders the initial opinion to the purchaser of the Bonds, who shall not be unsatisfactory to the Trustee. If such counsel be an individual, he/she shall not be, and if such counsel be a partnership or professional corporation, it shall not have as a partner or employee an attorney at law who is an officer or employee of the Commission, but such counsel may be regularly retained by or under contract with the Commission. Such opinion or opinions may contain such exceptions, qualifications and limitations as may be customary under the circumstances.

"Outstanding" means, when used with reference to 2025 Bonds, as of a particular date, all 2025 Bonds theretofore authenticated and delivered, except: (a) 2025 Bonds theretofore canceled by the Trustee or delivered to the Trustee for cancellation pursuant to the provisions hereof; (b) 2025 Bonds which are deemed to have been paid in accordance with the provisions hereof; and

(c) 2025 Bonds in exchange for or in lieu of which other 2025 Bonds have been authenticated and delivered pursuant to the provisions hereof.

"Parity Swap Agreement" shall mean an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, futures contract, contracts providing for payments based on levels of or changes in interest rates, currency exchange rates, stock or other indices or contracts to exchange cash flows or a series of payments, and contracts including, without limitation, interest rate floors or caps, options, puts or calls to hedge payment, currency rate, spread or similar exposure under which some or all of the amounts payable by the Commission or the Trustee pursuant to such agreement may be secured by the Tax Revenues on parity with the Bonds to which such agreement relates.

"Paying Agent" shall mean, Manufacturers and Traders Trust Company and any other commercial bank or trust institution organized under the laws of any state or of the United States of America or any national banking association designated by the Tenth Supplemental Indenture or any Supplemental Indenture as paying agent for the Bonds at which the principal of and redemption premium, if any, and interest on such Bonds shall be payable.

"Pennsylvania Turnpike System" shall mean the turnpike system of the Commission, all extensions and improvements thereto and any additional projects which may be financed under the provisions of the Enabling Acts.

"Permitted Investments" (to the extent permitted by law) shall mean:

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration (FmHA)
Certificates of beneficial ownership
3. Federal Financing Bank
4. Federal Housing Administration Debentures (FHA)
5. General Services Administration
Participation certificates
6. Government National Mortgage Association (GNMA or "Ginnie Mae")
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations

(not acceptable for certain cash-flow sensitive issues.)

7. U.S. Maritime Administration
Guaranteed Title XI financing
8. U.S. Department of Housing and Urban Development (HUD) Project
Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed
debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed
public housing notes and bonds.

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations
2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations
3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations
4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior Debt obligations
5. Resolution Funding Corp. (REFCORP) obligations
6. Farm Credit System
Consolidated systemwide bonds and notes.

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAA-m and if rated by Moody's rated Aa, Aa1 or Aa2.

E. Certificates of Deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the holders of the Bonds must have a perfected first security interest in the collateral.

F. Certificates of Deposit, saving accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to MBIA (Investment Agreement criteria is available upon request).

H. Commercial paper rated, at the time of purchase, "Prime-1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase Agreements for 30 days or less must follow the criteria set forth in the OFT Indenture. Repurchase Agreements which exceeded 30 days must be acceptable to the Bond Insurer.

L. Any other investments as approved by the applicable Bond Insurer.

"Person" shall mean an individual, public body, a corporation, a partnership, an association, a joint stock company, a trust and any unincorporated organization.

"Pledged Bonds" shall mean a Bond purchased by the Paying Agent or Trustee with amounts received pursuant to a drawing under a Credit Facility and pledged to or registered in the name of a Bank which is a provider of such Credit Facility or its designee.

"Principal and Interest Requirements" shall mean (i) the amount of principal and interest becoming due with respect to Bonds in a Fiscal Year, calculated by the Commission or by a Consultant, plus (ii) Reimbursement Obligations payable or estimated by the Commission to be payable in such Fiscal Year (but only to the extent they are not duplicative of such principal and interest), plus (iii) the excess, if any, of amounts payable or estimated by the Commission to be payable by the Commission in such Fiscal Year with respect to interest rate swap agreements (but only to the extent that such excess would not be recognized as a result of the application of the assumptions set forth below) over amounts payable to the Commission in such Fiscal Year pursuant to interest rate swap agreements. The following assumptions shall be used to determine the Principal and Interest Requirements becoming due in any Fiscal Year:

(a) there shall be excluded from Principal and Interest Requirements for all purposes hereof any amounts which are payable (other than upon acceleration) exclusively from a fund or account other than the Senior Bonds Debt Service Fund or the Subordinated Bonds Debt Service Fund or a Credit Facility fund created by a supplemental indenture on parity with either such fund;

(b) payments of principal or interest which are due on the first day of a Fiscal Year shall be assumed to be due on the last day of the immediately preceding Fiscal Year;

(c) in determining the principal amount due with respect to Bonds in each Fiscal Year (unless a different subsection of this definition applies for purposes of determining principal maturities or amortization) payment shall be assumed to be made in accordance with any amortization schedule established for such debt, including any scheduled redemption of Bonds on the basis of Accreted Amount, and for such purpose the redemption payment shall be deemed a principal payment;

(d) if any of the Outstanding Series of Bonds constitutes Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness or if Bonds then proposed to be issued would constitute Balloon Indebtedness or Balloon Indebtedness and Variable Rate Indebtedness, then such amounts as constitute Balloon Indebtedness shall be treated as if such Bonds were to be amortized in substantially equal annual installments of principal and interest over a term equal to the number of years then remaining to the final maturity of such Bonds; the interest rate used for such computation shall be: (i) in the case of Fixed Rate Indebtedness, the interest rate of such Bonds; and (ii) in the case of Variable Rate Indebtedness, the Assumed Variable Rate, provided that if the maximum interest rate payable by the Commission with respect to any or all Variable Rate Indebtedness has been limited pursuant to an interest rate swap agreement, then the interest rate to be used for the aforesaid computation with respect to the Variable Rate Indebtedness covered by such interest rate swap agreement shall not exceed the sum of (A) the maximum interest rate as so limited, and (B) the annual charges payable by the Commission pursuant to said Parity Swap Agreement, expressed as a percentage of the principal amount of the Variable Rate Indebtedness which is covered thereby, provided that if any or all of such Variable Rate Indebtedness then constitutes a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Commission's Reimbursement Obligation under its Reimbursement Agreement with the Bank in question;

(e) if any Outstanding Bond constitutes Tender Indebtedness or if any Bond then proposed to be issued would constitute Tender Indebtedness, then for purposes of determining the amounts of principal and interest due in any Fiscal Year on such Bond, the options or obligations of the owners of such Bonds to tender the same for purchase or payment prior to their stated maturity or maturities shall be treated as a principal maturity (but any such amount treated as a maturity shall not be eligible for treatment as Balloon Indebtedness) occurring on the first date on which owners of such Bonds may or are required to tender such Bonds, except that any such option or obligation to tender Bonds shall be ignored and not treated as a principal maturity if both (a) such Bonds are rated in one of the two highest long-term rating categories (without reference to gradations such as "plus" or "minus") by each Rating Agency which has assigned a rating to any such Outstanding Bond at the request of the Commission or such Bonds are rated in the highest short-term note or commercial paper rating category by each Rating Agency which has assigned a rating to any such Outstanding Bond at the request of the Commission, and (b) any obligation the Commission may have, other than its obligation on such Bonds, to reimburse any person for having extended a credit or liquidity facility or a bond insurance policy, or similar arrangement, shall be a Reimbursement Obligation with respect to an obligation incurred under and meeting the tests and conditions set forth in the OFT Indenture;

(f) if any Bond proposed to be issued will be a Variable Rate Indebtedness, the interest rate on such Bond shall be assumed to be the Assumed Variable Rate, provided that if the maximum interest rate payable by the Commission with respect to any or all of such Bonds has been limited pursuant to an interest rate swap agreement, then the interest rate to be used for the aforesaid computation with respect to the Variable Rate Bonds covered by such interest rate swap agreement shall not exceed the sum of (A) the maximum interest rate as so limited, and (B) the annual charges payable by the Commission pursuant to said interest rate swap agreement, expressed as a percentage of the principal amount of the Variable Rate Bonds which is covered

thereby, and provided further that if any or all of such Variable Rate Bonds then constitute a Pledged Bond, the interest rate to be used for the aforesaid computation with respect to the principal amount of such Pledged Bond shall be 125% of the rate then applicable to the Commission's Reimbursement Obligation under its Reimbursement Agreement with the Bank in question;

(g) if moneys or Government Obligations (or, if one or more Credit Facilities are in effect which assure the timely payment of the principal of and interest on all Outstanding Bonds and if the Banks providing such Credit Facilities so agree in a written instrument filed with the Trustee, other Permitted Investments) have been irrevocably deposited with and are held by the Trustee or another fiduciary to be used to pay principal and/or interest on any specified Bond or Bonds or the fees and expenses of a Bank or a remarketing agent, then the principal and/or interest to be paid from such moneys, from Government Obligations (or other Permitted Investments, if permitted as described above) or from the earnings thereon shall be disregarded and not included in calculating Principal and Interest Requirements.

"Project" shall mean the application of the proceeds of the 2025 Bonds described in the forepart of this Official Statement and any additional projects or refundings which are authorized by the Enabling Acts.

"Qualified Financial Institution" shall mean (a) any U.S. domestic institution which is a bank, trust company, national banking association, a corporation, subject to registration with the Board of Governors of the Federal Reserve System under the Bank Holding Company Act of 1956; a member of the National Association of Securities Dealers, Inc. or corporation or any other entity whose payment obligations are guaranteed by any of the foregoing whose unsecured obligations or uncollateralized long term debt obligations (or such obligations of any guarantor thereof) have been assigned a rating within the two highest rating categories by the Rating Agency or which has issued a letter of credit, contract, agreement or surety bond in support of debt obligations which have been so rated; (b) an insurance company with a claims-paying ability rated in the highest rating category by Rating Agency or whose unsecured obligations or uncollateralized long term obligations have been assigned a rating within the highest rating category by the Rating Agency; or (c) any banking institution whose unsecured obligations or uncollateralized long-term debt obligations have been assigned a rating within one of the two highest rating categories by the Rating Agency.

"Rating Agency" shall mean each nationally recognized securities rating agency then maintaining a rating on any of the Bonds at the request of the Commission, unless the context only applies the term to one Series of Bonds, in which event it shall mean only such rating agency then maintaining a rating on such Series of Bonds.

"Reimbursement Agreement" shall mean an agreement between the Commission and one or more Banks pursuant to which, among other things, such Bank or Banks issue a Credit Facility with respect to Bonds of one or more series and the Commission agrees to reimburse such Bank or Banks for any drawings made thereunder, including any security or pledge agreement entered into in connection therewith pursuant to which the Commission grants the Bank or Banks a security interest in any collateral to secure its obligations to the Bank or Banks.

"Reimbursement Obligation" shall mean an obligation of the Commission pursuant to a Reimbursement Agreement to repay any amounts drawn under a Credit Facility, to pay any interest on such drawn amounts pursuant to such Reimbursement Agreement and to pay any Bank Fee owed pursuant thereto.

"Revenue Fund" shall mean the special fund created by the provisions of the OFT Indenture.

"Senior Bonds" shall mean all bonds issued and Outstanding under the OFT Indenture which are senior in right of payment and security to the Subordinated Bonds.

"Senior Bonds Debt Service Fund" shall mean the special fund created by the OFT Indenture.

"Senior Bonds Sinking Fund" shall mean the special fund created by the OFT Indenture.

"Sinking Fund" shall mean the Senior Bonds Sinking Fund and the Subordinated Bonds Sinking Fund.

"Special Record Date" shall mean, for the 2025 Bonds, the date fixed by the Trustee pursuant to Section 3.1(f) of the Tenth Supplemental Indenture for the payment of Defaulted Interest.

"Subordinated Bonds" shall mean all bonds issued and Outstanding under the OFT Indenture which are junior in right of payment and security to the Senior Bonds.

"Subordinated Bonds Debt Service Fund" shall mean the special fund created by the OFT Indenture.

"Subordinated Bonds Debt Service Reserve Fund" shall mean the special fund created by the OFT Indenture.

"Subordinated Bonds Debt Service Reserve Requirement" shall mean that amount equal to one-half of the maximum Principal and Interest Requirements for any succeeding Fiscal Year on account of the Subordinated Bonds in question.

"Subordinated Bonds Sinking Fund" shall mean the special fund created by the OFT Indenture.

"Swap Receipts" shall mean any payments payable by a Parity Swap Agreement Counterparty under a Parity Swap Agreement; provided that termination payments payable by such Parity Swap Agreement Counterparty shall be considered a Swap Receipt only to the extent, and at such time as, the Commission has determined that such payment (or portion thereof) will not be expended by the Commission to obtain a replacement Parity Swap Agreement.

"Tax Receipts" shall mean the amounts received by the Trustee from the Commonwealth and paid from the Oil Franchise Tax.

"Tax Revenues" shall mean the Tax Receipts or any receipts, revenues and other money received by the Trustee on or after the date of the OFT Indenture from any tax or other source of funds from the Commonwealth in substitution and/or replacement of the Tax Receipts and the interest and income earned on any fund or account where said interest or income is required to be credited to the Revenue Fund pursuant to the OFT Indenture, but excluding any moneys received by way of grant or contribution from any governmental agency or other entity specifically designated by the grantor or contributor for a particular purpose.

"Tender Indebtedness" shall mean any Bond or portion thereof a feature of which is an option, on the part of the Bond Owner, or an obligation under the terms of such Bond, to tender all or a portion of such Bond to the Commission, the Trustee, the Paying Agent or other fiduciary or agent for payment or purchase and requiring that such Bond or portion thereof be purchased if properly presented.

"Treasurer's Certificate" shall mean a certificate signed by the Treasurer, Assistant Treasurer or Deputy Executive Director/Finance and Administration of the Commission containing the data specified in the OFT Indenture.

"Trustee" shall mean the Trustee at the time in question, whether original or successor.

"2009B Bonds" shall mean the Oil Franchise Tax Senior Revenue Bonds, Series B of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds), originally issued in the aggregate principal amount of \$127,170,000.

"2009E Bonds" shall mean the Oil Franchise Tax Subordinated Revenue Bonds, Series E of 2009 (Federally Taxable-Issuer Subsidy-Build America Bonds), originally issued in the aggregate principal amount of \$102,505,000.

"Variable Rate Indebtedness" shall mean: (i) any indebtedness the interest rate applicable to which is established at the time of incurring of such indebtedness at a rate which can increase during the entire term thereof or will at some subsequent date be established at a rate which can increase during the entire term thereof; and (ii) indebtedness which, except for this clause (ii), would be Fixed Rate Indebtedness but with respect to which the Commission has entered into an interest rate swap agreement with an entity which (or the guarantor of whose obligation) has an unsecured, uninsured and unguaranteed long-term obligation rated in one of its three highest long-term rating categories (without regard to gradation such as "plus" or "minus") by each Rating Agency which has assigned a rating both to such indebtedness and to such obligation and pursuant to which agreement the Commission makes interest payments based on a rate of interest which is not established at a single numerical rate for the entire remaining term of such agreement, provided that such Fixed Rate Indebtedness shall be deemed to be Variable Rate Indebtedness only while such agreement remains in effect and only if the counterparty thereto is not in default thereunder.

THE OFT INDENTURE

Grant of Security Interest

Pursuant to the OFT Indenture, the Commission has granted a security interest in and pledged and assigned unto the Trustee (i) all Tax Revenues, (ii) the right of the Commission to receive the Commission Allocation and any amounts of the Commission Allocation actually received by the Commission, (iii) all monies deposited into accounts or funds created by the OFT Indenture (other than the Rebate Fund), (iv) all Swap Receipts, (v) the Issuer Subsidy and (vi) all investment earnings on all monies held in accounts and funds established by the OFT Indenture (other than the Rebate Fund) (all of these items shall collectively be known as the "Trust Estate") as security for the payment of the Bonds and the interest thereon and as security for the satisfaction of any other obligation assumed by it in connection with such Bonds, including any Parity Swap Agreements and Reimbursement Obligations.

Limitations on Issuance of Indebtedness

The Commission covenants in the OFT Indenture that it will not incur any indebtedness which is secured by the Tax Revenues while the OFT Indenture is in effect except in accordance with the provisions of the OFT Indenture.

Issuance of Additional Bonds

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the OFT Indenture for the purpose of paying the cost of all or any part of any Additional Project, or for the purpose of refunding all or any portion of the Bonds then Outstanding and, if elected by the Commission, all or a portion of the expenses incurred by the Commission in connection with the issuance of such Bonds.

Before any such Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following: (a) the documents required by the OFT Indenture for issuance of Additional Bonds generally and for the particular type of Additional Bonds being issued; (b) a Supplemental Indenture executed by the Commission in an appropriate number of counterparts setting forth, subject to the provisions of the OFT Indenture, the terms and provisions of such Additional Bonds; and (c) An opinion of Bond Counsel that the issuance of the Additional Bonds will not adversely affect the tax-exempt status of all Outstanding Bonds.

Additional Bonds may be issued for the following purposes and subject to the following additional conditions:

Issuance of Additional Bonds for any Additional Projects

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the OFT Indenture, to the extent from time to time permitted by law, at any time or times for the purpose of paying the cost of any Additional Project and for paying costs incurred

in issuing such Additional Bonds and, if Additional Subordinated Bonds are being issued, for necessary contributions to the Subordinated Bonds Debt Service Reserve Fund.

Such Additional Bonds shall not be authenticated by the Authenticating Agent nor delivered by the Trustee, unless there shall be filed with the Trustee the documents required by the OFT Indenture for issuance of Additional Bonds generally and unless there shall be filed with the Trustee a Treasurer's Certificate demonstrating and concluding that the Historic Tax Revenues were (i) not less than 200% of the Maximum Principal and Interest Requirements on account of all Senior Bonds to be outstanding under the OFT Indenture after the issuance of the proposed Additional Senior Bonds; and (ii) not less than 115% of the Maximum Principal and Interest Requirements on account of all Bonds to be outstanding under the OFT Indenture after the issuance of the proposed Additional Subordinated Bonds.

In any computation of Historic Tax Revenues for purposes of the OFT Indenture, if the rate or rates at which the Oil Franchise Tax was imposed or the percentage of Tax Receipts received by the Commission during all or any part of the period for which any such calculation is made shall be different from the rate or rates at which the Oil Franchise Tax is imposed or the percentage of Tax Receipts received by the Commission in effect at the time such calculation is made, there shall be added to or deducted from said Tax Revenues so calculated, any increase or decrease in the Tax Revenues for such period which would result from such different rate or rates or percentage.

Issuance of Additional Bonds for Refunding

Additional Senior Bonds and Additional Subordinated Bonds may be issued under and secured by the OFT Indenture, at any time or times, for the purpose of providing funds for refunding all of the Outstanding Senior Bonds or Subordinated Bonds, respectively, of any series issued under the provisions of the OFT Indenture, or any portion of the Bonds of any such series, including in each case the payment of any redemption premium thereon and the costs of issuance.

Before such Bonds shall be authenticated by the Authenticating Agent and delivered by the Trustee, there shall be filed with the Trustee the following: (a) the documents required by the OFT Indenture for issuance of Additional Bonds generally; (b) in case all or a portion of such Bonds are to be issued for the purpose of redeeming Bonds prior to their stated maturity or maturities, such documents as shall be required by the Trustee to show that provision has been duly made for the redemption of such Bonds; and (c) a certificate of an independent public accountant verifying that the proceeds (excluding accrued interest, but including any premium and after deducting an amount equal to all expenses incurred by the Commission in connection with the issuance of such Bonds to the extent that said expenses are to be paid from such proceeds) of such refunding Bonds and any investment income earned thereon shall be not less than an amount sufficient to pay the principal of and the redemption premium, if any, on the Bonds to be refunded, and, if permitted by law and deemed necessary by the Commission, the payment of interest thereon to the date of redemption.

The Authenticating Agent and Trustee, however, shall not authenticate and deliver such Bonds unless they receive a Treasurer's Certificate demonstrating: (a) with respect to Additional Senior Bonds, that the percentage derived by dividing the amount of the Historic Tax Revenues

by the Maximum Principal and Interest Requirements on Senior Bonds outstanding after delivery of such Additional Senior Bonds shall be either (i) at least 200% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Senior Bonds; and, (b) with respect to Additional Subordinated Bonds, that the percentage derived by the amount of the Historic Tax Revenues by the Maximum Principal and Interest Requirements on Bonds outstanding after delivery of such Additional Subordinated Bonds shall be either (i) at least 115% or (ii) not less than the percentage obtained by dividing such amounts prior to delivery of such Additional Subordinated Bonds.

Clearing Fund

The OFT Indenture creates a special fund, called the "2025 Clearing Fund," which shall be held in trust by the Trustee for deposit and disbursement of the net proceeds of the sale of the 2025 Bonds.

Revenue Fund

The OFT Indenture creates a special fund called the "Revenue Fund." The moneys in the Revenue Fund shall be held by the Trustee in trust and applied as provided in the OFT Indenture.

The Commission acknowledges in the OFT Indenture that it has irrevocably directed the Commonwealth to transfer all Tax Receipts which the Commission is entitled to receive from the Commonwealth to the Trustee for deposit into the Revenue Fund. Notwithstanding the foregoing, the Commission covenants that any and all Tax Receipts or other Tax Revenues which it receives initially will be deposited into a segregated account of the Commission and will be transferred therefrom within one (1) Business Day following receipt, as far as practicable, with the Trustee or in the name of the Trustee with a depository or depositories designated by the Commission and approved by the Trustee, to the credit of the Revenue Fund.

All sums received by the Commission from any other source for paying any part of the cost of a Project for which any Bonds have been or will be issued shall be deposited into a separate fund (which may or may not be held by the Trustee) established by the Commission for the particular Project.

Senior Bonds Debt Service Fund

The OFT Indenture creates a special fund called the "Senior Bonds Debt Service Fund" which shall be held in trust by the Trustee until applied as provided in the OFT Indenture. The OFT Indenture creates special accounts within the "Senior Bonds Debt Service Fund" designated the "Interest Account" and the "Principal Account." All moneys held by the Trustee in the Senior Bonds Debt Service Fund shall be applied in accordance with the OFT Indenture.

The Trustee shall withdraw from the Revenue Fund and deposit to the applicable account in the Senior Bonds Debt Service Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited.

(1) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of the interest due on the Senior Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the any Senior Bonds to the first Interest Payment Date for the applicable Senior Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Senior Bond to such first Interest Payment Date), which amount shall be deposited in the Interest Account.

(2) On or before the last Business Day of each calendar month, an amount which equals one-twelfth (1/12) of the amount necessary to pay (or, in the case of the period from the date of issuance of any Senior Bonds to the first date on which principal is due on such Senior Bonds, a monthly amount equal to the principal amount owed on such first principal maturity date divided by the number of months from the date of issuance of such Senior Bond to such first principal maturity date), and for the purpose of paying, the principal amount of any Senior Bonds maturing on the next succeeding maturity date, which amount shall be deposited in the Principal Account; provided, however, that no such deposit shall be made on any date which would duplicate deposits required to be made to the Senior Bonds Sinking Fund.

(3) On the dates specified in any Supplemental Indenture relating to Additional Senior Bonds, the amounts required to be deposited on said dates to the credit of the Interest Account or Principal Account pursuant to the provisions of such Supplemental Indenture for the purpose of paying the interest and the principal of such Additional Senior Bonds.

All of such withdrawals, deposits and applications shall be on the same order of priority.

In the event there is a deficiency in the amount required to be deposited into any account in the Senior Bonds Debt Service Fund in any month, the amount of such deficiency shall be added to the amount required to be deposited into the appropriate account in the Senior Bonds Debt Service Fund in the following month.

The Trustee shall pay out of the Interest Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the interest on the Senior Bonds. The Trustee shall likewise pay out of the Principal Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the principal of the Senior Bonds, but only upon the presentation and surrender of the Senior Bonds.

If at the time the Trustee is to make a withdrawal from the Senior Bonds Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys on deposit in the Oil Franchise Tax General Fund.

There is no Debt Service Reserve Fund securing the 2025A Senior Bonds. See “INTRODUCTION – Security” in the forepart of this Official Statement.

Senior Bonds Sinking Fund

The OFT Indenture creates a special fund called the "Senior Bonds Sinking Fund" which shall be held in trust by the Trustee until applied as directed in the OFT Indenture. Contemporaneously with, and on the same order of priority as, making deposits described under "***Senior Bonds Debt Service Fund***," and while any Senior Bonds are Outstanding, the Trustee shall transfer on or before the last Business Day of each calendar month from the Revenue Fund to the Senior Bonds Sinking Fund one-twelfth (1/12) of the principal amount required on the next succeeding mandatory redemption date as specified in the applicable Senior Bonds occurring on or before the second Interest Payment Date following such deposit (or such lesser amount which, when added to the principal amount of such Senior Bonds purchased by the Trustee during the Fiscal Year pursuant to the provisions of the OFT Indenture, shall equal the above amount); and provided that if any Senior Bond which is subject to mandatory redemption is at any time redeemed pursuant to an Optional Redemption, as described in the Senior Bonds, the principal amount of Senior Bonds of each maturity so redeemed may be applied as a credit against the principal amount of Senior Bonds of such maturity which is subject to mandatory redemption at such time as the Commission shall direct.

On the dates specified in any supplemental indenture or indentures relating to Additional Senior Bonds, the Trustee shall transfer from the Revenue Fund the amounts required to be deposited on such dates to the credit of the sinking, purchase or analogous fund, if any, established for such Additional Senior Bonds.

The moneys at any time on deposit to the credit of the Senior Bonds Sinking Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of Senior Bonds of the same maturity of Senior Bonds to be called for mandatory redemption from the Senior Bonds Sinking Fund, and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of Senior Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At the time of any purchase of the Senior Bonds, the Trustee shall withdraw from the Interest Account of the Senior Bonds Debt Service Fund any amounts deposited therein for the payment of interest on the Senior Bonds so purchased.

Subordinated Bonds Debt Service Fund

The OFT Indenture creates a special fund called the "Subordinated Bonds Debt Service Fund" which shall be held in trust by the Trustee until applied as provided in the OFT Indenture. The OFT Indenture also creates two separate accounts in the Subordinated Bonds Debt Service Fund to be known as the "Interest Account" and the "Principal Account."

After having made the deposits described above under "***Senior Bonds Debt Service Fund***", and "***Senior Bonds Sinking Fund***", while any Subordinated Bonds are outstanding, the Trustee shall withdraw from the Revenue Fund and deposit to the applicable account in the Subordinated Bonds Debt Service Fund the amounts hereinafter specified which shall be applied by the Trustee for the purposes for which the same shall be deposited:

(1) On or before the last Business Day of each calendar month, an amount which equals the amount necessary to pay, and for the purpose of paying, one-sixth (1/6) of the interest due on the Subordinated Bonds on the next succeeding Interest Payment Date (or, in the case of the period from the date of issuance of the Subordinated Bonds to the first Interest Payment Date for the applicable Subordinated Bond, a monthly amount equal to the product of the interest amount owed on such first Interest Payment Date divided by the number of months from the date of issuance of such Subordinated Bond to such first Interest Payment Date), which amount shall be deposited in the Interest Account.

(2) On or before the last Business Day of each calendar month an amount which equals one-twelfth (1/12) of the amount necessary to pay, and for the purpose of paying, the principal amount of any Subordinated Bonds maturing on the next succeeding maturity date occurring on or before the second Interest Payment Date following such deposit (or, in the case of the period from the date of issuance of the any Subordinated Bonds to the first maturity date for the applicable Subordinated Bond, a monthly amount equal to the product of the principal amount owed on such first maturity date divided by the number of months from the date of issuance of such Subordinated Bond to such first maturity date), which amount shall be deposited in the Principal Account; provided, however, that no such deposit shall be made pursuant to this clause (2) on any date which would duplicate deposits required to be made to the Subordinated Bonds Sinking Fund; and

(3) On the dates specified in any supplemental indenture relating to Additional Subordinated Bonds, the amounts required to be deposited on said dates to the credit of the Interest Account or Principal Account pursuant to the provisions of such supplemental indenture for the purpose of paying the interest and the principal of such Additional Subordinated Bonds.

In the event there is a deficiency in the amount required to be deposited into any account in the Subordinated Bonds Debt Service Fund in any month, the amount of such deficiency shall be added to the amount required to be deposited in to the appropriate account in the Subordinated Bonds Debt Service Fund in the following month.

The Trustee shall pay out of the Interest Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the interest on the Subordinated Bonds. The Trustee shall likewise pay out of the Principal Account, from time to time, without further authorization from the Commission, and as the same shall become due and payable, the principal of the Subordinated Bonds, but only upon the presentation and surrender of the Subordinated Bonds.

If at the time the Trustee is to make a withdrawal from the Subordinated Bonds Debt Service Fund the moneys therein shall not be sufficient for such purpose, the Trustee shall withdraw the amount of such deficiency from the moneys to the credit of the following funds or accounts in the following order: the Subordinated Bonds Debt Service Reserve Fund, the Oil Franchise Tax General Fund and the Subordinated Bonds Sinking Fund.

Subordinated Bonds Sinking Fund

The OFT Indenture creates a special fund called the "Subordinated Bonds Sinking Fund" which shall be held in trust by the Trustee until applied as directed in the OFT Indenture. Contemporaneously with and on the same order of priority as making the deposits into the Subordinated Bonds Debt Service Fund, while any Subordinated Bonds are Outstanding, the Trustee shall transfer on or before the last Business Day of each calendar month from the Revenue Fund to the Subordinated Bonds Sinking Fund one-twelfth (1/12) of the principal amount required on the next succeeding mandatory redemption date as specified in the Subordinated Bonds occurring on or before the second Interest Payment Date following such deposit (or such lesser amount which, when added to the principal amount of Subordinated Bonds purchased by the Trustee during the Fiscal Year pursuant to the provisions of the OFT Indenture, shall equal to the above amount); and provided that if any Subordinated Bond which is subject to mandatory redemption is at any time redeemed pursuant to an Optional Redemption, as described in the Subordinated Bonds, the principal amount of Subordinated Bonds of each maturity so redeemed may be applied as a credit against the principal amount of Subordinated Bonds of such maturity which is subject to mandatory redemption at such time as the Commission shall direct.

On the dates specified in any supplemental indenture or indentures relating to Additional Subordinated Bonds, the Trustee shall transfer from the Revenue Fund the amounts required to be deposited on such dates to the credit of the sinking, purchase or analogous fund, if any, established for such Additional Subordinated Bonds.

The moneys at any time on deposit to the credit of the Subordinated Bonds Sinking Fund or to be deposited thereto from the Revenue Fund may be applied by the Commission to the purchase of Subordinated Bonds of the same maturity of Subordinated Bonds to be called for mandatory redemption from the Subordinated Bonds Sinking Fund, and such moneys shall be withdrawn by the Trustee and applied to the payment of the purchase price of Subordinated Bonds which the Commission may agree to purchase or has paid, provided that such purchase price is not in excess of 100% of the principal amount thereof. At the time of any purchase of the Subordinated Bonds, the Trustee shall withdraw from the Interest Account of the Subordinated Bonds Debt Service Fund any amounts deposited therein for the payment of interest on the Subordinated Bonds so purchased.

Subordinated Bonds Debt Service Reserve Fund

The OFT Indenture creates a special fund called the "Subordinated Bonds Debt Service Reserve Fund" which is a common debt service reserve fund securing all (and only) Subordinated Bonds under the OFT Indenture. In each Fiscal Year after first having made the deposits into the Senior Bond Debt Service Fund, the Senior Bonds Sinking Fund, the Subordinated Bonds Debt Service Fund and the Subordinated Bonds Sinking Fund as described above, and while any Subordinated Bonds are Outstanding, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Subordinated Bonds Debt Service Reserve Fund out of the balance, if any, remaining in the Revenue Fund, the amount, if any, required to make the funds deposited in the Subordinated

Bonds Debt Service Reserve Fund equal to the Subordinated Bonds Debt Service Reserve Requirement. The Trustee shall also transfer the amount set forth in any supplemental indenture under which Subordinated Bonds are issued.

In the event the Trustee shall be required to withdraw funds from the Subordinated Bonds Debt Service Reserve Fund to restore a deficiency in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Fund, the amount of such deficiency shall be allocated pro rata among the accounts, any surety bond or policy and unallocated funds in the Subordinated Bonds Debt Service Reserve Fund that relate to the series of Subordinated Bonds for which payment is coming due on the next succeeding payment date on the basis of the ratio that the Subordinated Bonds Debt Service Reserve Requirement for each particular series of Subordinated Bonds for which payment is coming due bears to the Subordinated Bonds Debt Service Reserve Requirement for all Series of Subordinated Bonds for which payment is coming due on the next succeeding payment date.

In lieu of the deposit of money into or the maintenance of required amounts in the Subordinated Bonds Debt Service Reserve Fund, the Commission may cause to be provided a surety bond or insurance policy as further described in the forepart of this Official Statement under "SECURITY FOR THE 2025 BONDS – Subordinated Bonds Debt Service Reserve Fund."

Except as provided in the OFT Indenture with respect to refunding Subordinated Bonds, moneys held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall be used for the purpose of paying interest on, maturing principal and mandatory sinking fund redemption price of Subordinated Bonds whenever and to the extent that the moneys held for the credit of the Subordinated Bonds Debt Service Fund or any Subordinated Bonds Sinking Fund shall be insufficient for such purpose. If at any time the moneys and principal amount of any surety bond, insurance policy or letter of credit held for the credit of the Subordinated Bonds Debt Service Reserve Fund shall exceed the Subordinated Bonds Debt Service Reserve Requirement, such excess shall be transferred by the Trustee to the credit of the Revenue Fund or used to reduce the principal amount of any surety bond, insurance policy or letter of credit.

Oil Franchise Tax General Fund

The OFT Indenture creates a special fund called the "Oil Franchise Tax General Fund" which shall be held in trust by the Trustee until applied as described below. After first having made the deposits provided in the OFT Indenture and described above and while any Bonds are Outstanding, the Trustee shall transfer from the Revenue Fund on or before the Business Day immediately preceding an Interest Payment Date to the credit of the Oil Franchise Tax General Fund the balance, if any, in excess of \$10,000,000 remaining after making the required deposits described above.

Except as otherwise provided in the OFT Indenture, moneys held for the credit of the Oil Franchise Tax General Fund shall be withdrawn by the Trustee, without further authorization from the Commission, to make up deficiencies in any funds or accounts created under the OFT Indenture, and absent any such deficiency, may be expended by the Commission, upon requisition to the Trustee, for any of the following purposes, with no one item having priority over any of

the others, as long as such application of Oil Franchise Tax Receipts is permitted by law: (a) to purchase or redeem Bonds or any other obligations of the Commission; (b) to make payments into the Construction Fund; (c) to make improvements, extensions and replacements of the Pennsylvania Turnpike System; (d) to fund amounts payable by the Commission under a Parity Swap Agreement or to deliver collateral thereunder, subject to the terms set forth in the OFT Indenture; or (e) to further any lawful corporate purpose.

Issuer Subsidy Funds

The Fifth Supplemental Indenture created funds designated the "2009B Issuer Subsidy Fund" and "2009E Issuer Subsidy Fund" for deposit of the Issuer Subsidy relating to the 2009B Bonds and 2009E Bonds, respectively, and so long as no Event of Default has occurred and is continuing under the OFT Indenture, for application solely to the payment of interest on the 2009B Bonds and 2009E Bonds, respectively.

Upon the occurrence of an Event of Default, funds on deposit in the 2009B Issuer Subsidy Fund shall be transferred to the Senior Bonds Debt Service Fund and funds on deposit in the 2009E Issuer Subsidy Fund shall be transferred to the Subordinated Bonds Debt Service Fund and applied as described herein.

Depositaries of Moneys, Security for Deposits and Investments of Moneys

All moneys received by the Commission under the provisions of the OFT Indenture shall be deposited with the Trustee or with one or more other bank or trust companies to be designated by the Commission with the approval of the Trustee (any such depository, including the Trustee, being herein called a "Depository"). All moneys deposited under the provisions of the OFT Indenture with the Trustee or any other Depository shall be held in trust and applied only in accordance with the provisions of the OFT Indenture, and shall not be subject to lien or attachment by any creditor of the Commission.

All moneys deposited with the Trustee or any other Depository under the OFT Indenture shall be continuously and fully secured unless or until invested as provided in the OFT Indenture for the benefit of the Commission and the holders of the Bonds, by Government Obligations or direct and general obligations of the Commonwealth of Pennsylvania or otherwise in accordance with the laws of the Commonwealth of Pennsylvania governing trust funds of public bodies. Such security shall have an aggregate market value exclusive of accrued interest at all times at least equal to the amount of moneys so deposited. Such security shall be deposited with a Federal Reserve Bank or with the corporate trust department of the Trustee.

Moneys held in any of the funds or accounts under the OFT Indenture may be retained uninvested, if deemed necessary by the Commission, as trust funds and secured as provided above or may be invested in Permitted Investments. All such investments shall be made by the Trustee only upon the oral request of the Commission immediately confirmed in writing by a Commission Official specifying the account or fund from which moneys are to be invested and designating the specific investments to be acquired. Moneys on deposit with respect to the 2025 Bonds shall be invested by the Trustee solely in Permitted Investments, to the extent permitted by applicable law, at the written direction of the Commission.

All such investments made pursuant to the OFT Indenture shall be subject to withdrawal or shall mature or be subject to redemption by the holder at not less than the principal amount thereof or the cost of acquisition, whichever is lower, not later than the earlier of (i) 15 years from the date of such investment or (ii) the date on which the moneys may reasonably be expected to be needed for the purpose of the OFT Indenture. The foregoing provisions shall not prevent the Commission or the Trustee from selling such investments at less than the principal amount thereof or the cost of acquisition.

Covenants as to Tax Revenues

The Commission covenants in the OFT Indenture that it will seek to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax which is described in the recitals to the OFT Indenture, and it will petition the General Assembly for additional funds in the event that the Tax Revenues are inadequate to pay the amounts due under the OFT Indenture.

The Trustee may and, upon receipt of written direction from the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding and upon being indemnified to its satisfaction, shall institute and prosecute in a court of competent jurisdiction any appropriate action to enforce the pledge and appropriation of the Commonwealth with respect to the Oil Franchise Tax which is described in the recitals the OFT Indenture.

Other Covenants of Commission

Pursuant to the OFT Indenture, the Commission has made the following additional covenants, among others, to the Trustee:

(a) To promptly pay the principal of and the interest on every Bond issued under the provisions of the OFT Indenture at the places, on the dates and in the manner provided in the OFT Indenture and in said Bonds and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof, but only from the Tax Revenues, which Tax Revenues are pledged by the Commission to the payment thereof in the manner and to the extent hereinabove particularly specified, and from the remainder of the Trust Estate.

(b) Not to create or suffer to be created any lien or charge upon the Tax Revenues, or any part thereof except the lien and charge of the Bonds secured by the OFT Indenture and any Subordinated Indebtedness permitted pursuant to the OFT Indenture.

(c) Until the Bonds secured by the OFT Indenture and the interest thereon shall have been paid or provision for such payment shall have been made, not to use the Tax Revenues for any purpose other than as provided in the OFT Indenture, and not enter into any contract or contracts or take any action by which the rights of the Trustee or of the Bondholders might be impaired or diminished. Notwithstanding the above, the Commission shall be permitted to incur Subordinated Indebtedness pursuant to the provisions of the OFT Indenture.

(d) To keep accurate records of its receipt of Tax Revenues. Such records shall be open to the inspection of the holders of the Bonds and their agents and representatives.

(e) To make no investment or other use of the proceeds of 2025 Bonds which would cause such Bonds to be "arbitrage bonds" as that term is defined in Section 148 of the Code, and all applicable regulations promulgated with respect thereto; to comply with the requirements of the Code and applicable regulations promulgated with respect thereto; to comply with the requirements of the code and applicable regulations throughout the term of the 2025 Bonds; and not to take any action, omit to take any action, or permit any other person to take any action or fail to take any action over which the Commission has control, which action or inaction would cause the interest on the 2025 Bonds to be subject to federal income tax to a greater extent than on the date of issuance of such Bonds.

Financial Statements; Available Information

The Commission also covenants in the OFT Indenture, in each Fiscal Year, to cause an annual audit to be made of its books and accounts by an independent certified public accountant of recognized ability and standing. Promptly thereafter, reports of such audit shall be filed with the Commission and the Trustee, and copies of such reports shall be mailed by the Commission to all holders of the Bonds who shall have filed their names and addresses with the Secretary and Treasurer of the Commission for such purpose. Each annual audit report shall set forth in respect of the preceding twelve-month period the findings of such certified public accountants whether Tax Revenues under the Provision for the OFT Indenture have been applied in accordance with the provisions of the OFT Indenture. Such audit reports shall be open to the inspection of the holders of the Bonds and their agents and representatives.

The Commission further covenants that it will cause any additional reports or audits to be made as required by law and that, as often as may be requested, it will furnish to the Trustee, and the holder of any Bond such other information concerning the Tax Revenues as any of them may reasonably request and as may be easily provided by the Commission.

Events of Default

The OFT Indenture provides that each of the following events is declared an "event of default":

(a) payment of the interest on, or principal and premium, if any, of any of the Bonds shall not be made when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise provided that the failure to make a payment with respect to a Subordinated Bond shall not constitute an event of default with respect to Senior Bonds; or

(b) the Commission shall for any reason be rendered incapable of fulfilling its obligations under the OFT Indenture, including, without limitation, as a result of its existence being terminated or expiring; or

(c) the Commission shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator or custodian or the like for it or for all or a substantial part of its property, or (ii) admit in writing the inability to pay its debts generally as they become due, or (iii) make a general assignment for the benefit of creditors, or (iv) be adjudicated a bankrupt or insolvent, or (v) commence a voluntary case under the United States Bankruptcy Code or file a voluntary petition or answer seeking reorganization, an arrangement with Creditors or an order for relief or seeking to take advantage of any insolvency law or file an answer admitting the material allegations of a petition filed against it in any bankruptcy reorganization or insolvency proceeding, or action of the Commission shall be taken for the purpose of effecting any of the foregoing, or (vi) take any corporate action or other action to authorize any of the foregoing, or (vii) if without the application, approval or consent of the Commission, a proceeding shall be instituted in any court of competent jurisdiction, under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking in respect of the Commission an order for relief or an adjudication in bankruptcy, reorganization, dissolution, winding-up or liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or custodian or the like of the Commission or of all or any substantial part of its assets or other like relief in respect thereof under any bankruptcy or insolvency law, and, if such proceeding is being contested by the Commission in good faith, the same shall (A) result in the entry of an order for relief or any such adjudication or appointment, or (B) remain undismissed and undischarged for a period of sixty (60) days; or

(d) any proceeding shall be instituted, with the consent or acquiescence of the Commission, for the purpose of effecting a compromise between the Commission and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from the Tax Revenues; or

(e) the Commission shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the OFT Indenture and such default shall continue for thirty (30) days after written notice specifying such default and requiring same to be remedied shall have been given to the Commission by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the holders of not less than ten percent (10%) in principal amount of the Bonds then Outstanding, provided, however, that if the default cannot be remedied within thirty (30) days and the Commission begins to diligently proceed in good faith to remedy said default, then said default shall not be deemed to be a continuing one if, and so long as, the Commission shall diligently and continuously attempt to prosecute the same to completion.

Remedies

Upon the happening and continuance of any default specified in (a) above with respect to the Senior Bonds, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Senior Bonds

then Outstanding shall, by a notice in writing to the Commission, declare the principal of all of the Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the OFT Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the OFT Indenture, moneys shall have accumulated in the Senior Bonds Sinking Fund sufficient to pay the principal of all matured Senior Bonds and all arrears of interest, if any, upon all the Senior Bonds then Outstanding (except the principal of any Senior Bonds not then due by their terms and the interest accrued on such Senior Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Commission under the OFT Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the appropriate trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Senior Bonds or in the OFT Indenture (other than a default in the payment of the principal of such Senior Bonds then due only because of a declaration under the OFT Indenture) shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the holders of not less than twenty-five percent (25%) in the principal amount of the Senior Bonds not then due by their terms and then Outstanding shall, by written notice to the Commission rescind and annul such declaration and its consequences but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Upon the happening and continuance of any other event of default specified in the OFT Indenture, then and in every such case the Trustee may proceed, and upon the written request of the holders of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding (provided that if said event of default pertains only to one series of Bonds, then the written request of the holders of 25% or more of the principal amount of such series of Bonds) shall proceed, subject to the OFT Indenture, to protect and enforce its rights and the rights of the holders of the Bonds under the laws of Pennsylvania or under the OFT Indenture by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained in the OFT Indenture or in aid of execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, shall deem reasonable or necessary to protect and enforce such rights.

In the enforcement of any remedy under the OFT Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Commission for principal, interest or otherwise under any of the provisions of the OFT Indenture or of the Bonds and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds (to the extent that payment of such interest is enforceable under applicable law), together with any and all costs and expenses of collection and of all proceedings under the OFT Indenture and under such Bonds, without prejudice to any other right or remedy of the Trustee or of the holders of the Bonds and to recover and enforce judgment or decree against the Commission, but solely as provided in the

OFT Indenture, and in such Bonds, for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect (but solely from moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

Application of Funds: Senior Bonds

If at any time the moneys in the Senior Bonds Debt Service Fund or the Senior Bonds Sinking Fund shall not be sufficient to pay the principal of or the interest on the Senior Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the OFT Indenture), such moneys, together with any moneys then in the Subordinated Bonds Debt Service Fund and Subordinated Bonds Sinking Fund and any other moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the OFT Indenture or otherwise, shall be applied as follows, subject to the payment of fees and other amounts owing to the Trustee pursuant to the OFT Indenture:

(a) Unless the principal of the Senior Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds; and

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Bonds which shall have become due (other than Senior Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the OFT Indenture), in the order of their due dates, with interest on such Senior Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Senior Bonds due on any particular date, together with such interest then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Senior Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Senior Bonds with interest thereon as aforesaid without preference or priority of principal or interest over the other, or of any Senior Bond over any other Senior Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Senior Bonds.

(c) If the principal of all of the Senior Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled as described above, then, subject to the provisions of paragraph (b) above, in the event that the principal of all

the Senior Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Senior Bonds Sinking Fund shall be applied in accordance with the provisions of paragraph (a) above.

Application of Funds: Subordinated Bonds

If at any time the moneys in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Fund shall not be sufficient to pay the principal of or the interest on the Subordinated Bonds as the same become due and payable (either by their terms or by acceleration of maturities under the OFT Indenture), such moneys, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in the OFT Indenture or otherwise, shall be applied as follows, subject to the payment of fees and other amounts owing, to the Trustee pursuant to the OFT Indenture:

(a) Unless the principal of all the Subordinated Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST: to the payment to the persons entitled thereto of all installments of interest then due, in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds; and

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Subordinated Bonds which shall have become due (other than Subordinated Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the OFT Indenture), in the order of their due dates, with interest upon such Subordinated Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full the principal of Subordinated Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(b) If the principal of all the Subordinated Bonds shall have become or shall have been declared due and payable all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinated Bonds, with interest thereon as aforesaid, 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 Subordinated Bond over any other Subordinated Bond ratably according to the amounts due respectively for principal and interest to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Subordinated Bonds.

(c) If the principal of all the Subordinated Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled as described above, then, subject to the provisions of paragraph (b) above, in the event that the

principal of all the Subordinated Bonds shall later become due or be declared due and payable, the moneys then remaining in and thereafter accruing to the Subordinated Bonds Sinking Fund and the Subordinated Bonds Debt Service Reserve Fund shall be applied in accordance with the provisions of paragraph (a) above.

Holder's Right to Direct Proceedings

Subject to rights of any Bond Insurer as set forth in the OFT Indenture, anything in the OFT Indenture to the contrary notwithstanding, the holders of a majority in principal amount of the Bonds then Outstanding with respect to which the event of default has occurred shall have the right, subject to the provisions of the OFT Indenture, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the OFT Indenture, provided that such direction shall not be otherwise than in accordance with law or the provisions of the OFT Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to any holder of a Bond not a party to such direction. The Trustee may exercise any right to take any other action deemed proper by the Trustee which is not inconsistent with such direction. No holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the OFT Indenture or for any other remedy thereunder unless such holder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be instituted, and unless also the holders of not less than twenty-five (25%) in principal amount of the Bonds then Outstanding with respect to which the event of default has occurred shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in the OFT Indenture, or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in the OFT Indenture in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the OFT Indenture or for any other remedy under the OFT Indenture. It is understood and intended that no one or more holders of the Bonds shall have any right in any manner whatever by this or their action to affect, disturb or prejudice the security of the OFT Indenture, or to enforce any right under the OFT Indenture except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the OFT Indenture and for the benefit of all holders of such Outstanding Bonds.

Notice of Default

The Trustee shall mail to the registered owners of the Bonds then Outstanding at their addresses as they appear on the registration books, written notice of the occurrence of any event of default set forth in clause (a) above under "Events of Default" within thirty (30) days after any such event of default shall have occurred. The Trustee shall not, however, be subject to any

liability to any holder of a Bond by reason of its failure to mail any notice of default required by the OFT Indenture.

Supplemental Indentures Without Consent of Holders

The Commission and the Trustee may, from time to time and at any time, enter into such indentures or agreements supplemental to the OFT Indenture as shall not be inconsistent with the terms and provisions of the OFT Indenture for any of the following purposes: (a) to cure any ambiguity or formal defect or omission in the OFT Indenture or in any Supplemental Indenture, including without limitation defects which would, if not cured, cause the interest on any series of Bonds to be included in gross income for federal income tax purposes when such interest is not to be so includable; (b) grant to or confer upon the Trustee for the benefit of the holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders or the Trustee; (c) to issue Additional Bonds pursuant to the OFT Indenture; (d) to obtain, maintain or upgrade the then current rating of the Bonds or to obtain a Credit Facility; provided, however, no amendment with respect to obtaining a Credit Facility shall grant to the provider of the Credit Facility a lien with respect to the Trust Estate superior to that of any holder; (e) to create a common Subordinated Bonds Debt Service Reserve Fund for all Subordinated Bonds, provided that each entity which has issued a letter of credit, surety bond or bond insurance policy for all or a portion of the Subordinated Bonds Debt Service Reserve Fund shall have consented thereto, or (f) to make any other amendment which does not materially adversely affect the rights of the Trustee or of the Bondholders.

Supplemental Indentures with Consent of Holders

Subject to the terms and provisions contained in the OFT Indenture, including the rights of any Bond Insurer, and not otherwise, the holders of not less than a majority (more than fifty percent (50%)) in aggregate principal amount of the Senior Bonds then Outstanding and the holders of not less than a majority in aggregate principal amount of the Subordinated Bonds then Outstanding shall have the right, from time to time, anything contained in the OFT Indenture to the contrary notwithstanding, to consent to and approve the execution by the Commission and the Trustee of such indenture or indentures supplemental to the OFT Indenture as shall be deemed necessary or desirable by the Commission for the purpose of modifying, altering, amending, adding to or rescinding, in any particular manner, any of the terms or provisions contained in the OFT Indenture or in any Supplemental Indenture; provided, however, that nothing in the OFT Indenture contained shall permit, or be construed as permitting, (a) an extension of the maturity of the principal of or the interest on any Bond issued thereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or (except as to Additional Bonds to the extent otherwise provided in the OFT Indenture) on a parity with the lien or pledge created by the OFT Indenture, or (d) a preference or priority of any Senior Bond or Senior Bonds over any other Senior Bond or Bonds or any Subordinated Bond or Bonds over any other Subordinated Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture. Nothing contained in the OFT Indenture, however, shall be construed as making necessary the approval by holders of the execution of any Supplemental Indenture or agreement described above under "***Supplemental Indentures Without Consent of Holders***".

Defeasance

If, when the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in the OFT Indenture or shall have been duly called for redemption or irrevocable instructions to call the Bonds for redemption shall have been given by the Commission to the Trustee, the whole amount of the principal and interest and the premium, if any, so due and payable upon all of the Bonds then Outstanding shall be paid or there shall have been deposited with the Trustee or the Paying Agent an amount, evidenced by moneys Government Obligations, Certificates of Deposit or Defeased Tax-Exempt Securities, certified by an independent public accounting firm of national reputation 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 (likewise to be held in trust and committed, except as otherwise provided in the OFT Indenture), to be sufficient for the payment, at their maturities or redemption dates, of all principal, premium, if any, and interest on the Bonds to the date of maturity or redemption, as the case may be, and provision shall also be made for paying all other sums payable under the OFT Indenture by the Commission, then and in that case, subject to the rights of any Bond Insurer, the right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Commission, and upon receipt of an Opinion of Counsel stating in substance that all conditions precedent provided for in the OFT Indenture relating to defeasance have been satisfied, shall release the OFT Indenture and shall execute such documents to evidence such release as may be reasonably required by the Commission, and shall turn over to the Commission or to such officer, board or body as may then be entitled by law to receive the same any surplus in any funds or accounts other than moneys held in the Rebate Fund or for redemption or payment of Bonds.

If the Commission deposits with the Trustee Defeasance Securities sufficient to pay the principal or redemption price of any particular Bond or Bonds becoming due, either at maturity or by call for redemption or otherwise, together with all interest accruing thereon to the due date, then, subject to the rights of any Bond Insurer, interest on such Bond or Bonds shall cease to accrue on the due date and all liability of the Commission with respect to such Bond or Bonds shall cease. Thereafter, such Bond or Bonds shall be deemed not to be Outstanding under the OFT Indenture and the holder or holders of such Bond or Bonds shall be restricted exclusively to the funds so deposited for any claim of whatsoever nature with respect to such Bond or Bonds, and the Trustee shall hold such funds in trust for such holder or holders.

Subordination

The Subordinated Bonds shall be subordinate and junior in lien position and right of payment to the extent and in the manner set forth below, to all principal of, premium, if any, and interest on the Senior Bonds.

(a) No payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or Subordinated Bonds Sinking Fund, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds, unless full payment of amounts due and payable on or prior to such payment date, whether

at maturity, by acceleration or otherwise, for principal of and premium, if any, and interest on all Senior Bonds has been made or duly provided for in accordance with the terms of the OFT Indenture. Notwithstanding the foregoing, no payment on account of principal of and premium, if any, or interest on such Subordinated Bonds shall be made from the Tax Revenues, nor shall any Tax Revenues be applied to the purchase or other acquisition or retirement of such Subordinated Bonds if at the time of such payment or application or immediately after giving effect thereto, there shall exist a default in the payment of principal of, and premium, if any, or interest on any Senior Bonds.

(b) Upon any dissolution or winding up or total or partial liquidation, reorganization or arrangement of the Commission, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal of, premium, if any, and interest due or to become due upon all Senior Bonds shall first be paid in full, or payment thereof provided for in accordance with the terms of the Senior Bonds, and any deficiency in any fund created under the OFT Indenture has been satisfied, before any payment from the Tax Revenues is made on account of the Subordinated Bonds. In the event that, notwithstanding the foregoing provisions, any holder of Subordinated Bonds shall have received any payment or distribution of Tax Revenues or any amounts in the Subordinated Bonds Debt Service Fund or the Subordinated Bonds Sinking Funds, including any such payment or distribution which may be payable or deliverable by reason of the payment of the Subordinated Bonds (a "Distribution"), if there exists a default in the payment of principal of, premium, if any, or interest on any Senior Bonds at the time of the Distribution then and in such event such Distribution shall be received and held in trust for the holders of the Senior Bonds and shall be paid over or delivered forthwith to the Trustee for the benefit of the holders of the Senior Bonds to the extent necessary to pay all such Senior Bonds in full after giving effect to any payment or distribution made to the holders of such Senior Bonds concurrently with the Distribution made to such holder of Subordinated Bonds.

(c) The provisions of (a) and (b) above are solely for the purpose of defining the relative rights of the Senior Bonds and the holders of Subordinated Bonds, and nothing in the OFT Indenture shall impair, as between the Commission and the holders of the Subordinated Bonds the obligation of the Commission which is unconditional and absolute subject to the provisions of the OFT Indenture to pay to the holders thereof the principal thereof and premium if any and interest thereon in accordance with its terms, nor shall anything therein prevent the holders of the Subordinated Bonds from exercising all remedies otherwise permitted by applicable law or upon default thereunder subject to the rights under (a) and (b) above of the Senior Bonds, as the case may be, to receive cash, property or securities otherwise payable or deliverable to the holders of the Subordinated Bonds.

Certain Rights of any Bond Insurer, Bank

The OFT Indenture provides that each Bond Insurer and Bank which insures or assures the payment of principal and interest with respect to any Bonds shall have certain rights under the OFT Indenture, including, without limitation, rights relating to instituting and directing proceedings in connection with an event of default, giving direction or instruction to the Trustee, removal or replacement of the Trustee, and rights concerning amendments and supplements of the

OFT Indenture. The OFT Indenture provides that each such Bond Insurer and Bank shall be deemed to be the sole Owner of such Bonds (to the exclusion of the registered owners thereof), provided that it is not in default under its bond insurance policy or Credit Facility, as the case may be.

APPENDIX D

FORM OF OPINION OF CO-BOND COUNSEL

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[FORM OF CO-BOND COUNSEL OPINION]

September 4, 2025

PENNSYLVANIA TURNPIKE COMMISSION
\$122,550,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2025
\$60,955,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2025

To the Purchasers of the Bonds:

We have acted as Co-Bond Counsel in connection with the issuance and sale by the Pennsylvania Turnpike Commission (the “Commission”) of its \$122,550,000 Oil Franchise Tax Senior Revenue Bonds, Series A of 2025 (the “2025 A Bonds”) and its \$60,955,000 Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2025 (the “2025 B Bonds” and, together with the 2025 A Bonds, the “Bonds”).

The Bonds are issued pursuant to an Act of the General Assembly of Pennsylvania (the “General Assembly”) approved July 18, 2007, P. L. 169, No. 44 (“Act 44”), as amended and supplemented by an Act of the General Assembly approved November 25, 2013, P.L. 974, No. 89, and various Acts of the General Assembly approved on several dates, including the Act of May 21, 1937, P. L. 774; the Act of May 24, 1945, P. L. 972; the Act of February 26, 1947, P. L. 17; the Act of May 23, 1951, P. L. 335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240 (“Act 61”) to the extent not repealed by Act 44 and the Act of November 25, 2013, P.L. 974, No. 89 (“Act 89”) (collectively, the “Enabling Acts”), pursuant to the resolution adopted by the Commission on September 17, 2024 (the “Resolution”), and pursuant to and under a Trust Indenture dated as of August 1, 1998, among the Commission and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), and Manufacturers and Traders Trust Company, as paying agent, as amended and supplemented prior to the date hereof (as so amended and supplemented, the “Existing Indenture”), including as supplemented by a Tenth Supplemental Trust Indenture dated as of September 1, 2025 (the “Supplemental Indenture,” and, together with the Existing Indenture, the “Indenture”). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

The 2025 Bonds are secured, *inter alia*, by a pledge of that portion of the “oil company franchise tax for highway maintenance and construction”, imposed pursuant to 75 Pa. C.S.A. Ch. 95 (the “OFT Act”), which is allocated to the Commission pursuant to 75 Pa. C.S.A. §9511(h) (the “Commission Allocation”).

The Bonds will bear interest at the fixed rates and will mature in the amounts and on the dates set forth in the Official Statement dated August 21, 2025 of the Commission related to the Bonds. The Bonds will be issued only as fully registered bonds, in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds are subject to mandatory and optional redemption prior to maturity as more fully described in the Indenture.

The proceeds of the 2025 A Bonds will be used to finance: (i) certain capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funded capital plan (including any amendment thereto); and (ii) the costs of issuance of the 2025 A Bonds.

The proceeds of the 2025 B Bonds will be used to finance: (i) certain capital expenditures for the Pennsylvania Turnpike System set forth in the Commission's current or any prior independently funded capital plan (including any amendment thereto); and (ii) the costs of issuance of the 2025 B Bonds.

We have examined the proceedings relating to the authorization and issuance of the Bonds, including, among other things: (a) the Enabling Acts; (b) a certified copy of the Resolution; (c) executed copies of the Existing Indenture and the Supplemental Indenture; (d) various certificates executed by the Commission and/or the Trustee including certificates as to the authentication and delivery of the Bonds; (e) the opinion of Doreen A. McCall, Esquire, Chief Counsel to the Commission, on which we have relied; (f) the Form 8038-G of the Commission with respect to the Bonds; (g) an executed counterpart of the certificate relating to federal tax matters; (h) other documents, certificates and instruments listed in the Closing Memorandum in respect of the Bonds filed with the Trustee on the date of original delivery of the Bonds; and (i) such constitutional and statutory provisions and such other resolutions, certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein. We have also examined a fully executed and authenticated 2025 A Bond and 2025B Bond and we assume all other Bonds of each such series are in such form, and are similarly executed and authenticated.

In rendering our opinion set forth below, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as copies and the authenticity of certificates of public officials. As to any facts material to our opinion, we have assumed the validity of and have not undertaken any investigation to verify the factual matters set forth in such agreements, certificates and other documents, and we have relied on the covenants, warranties and representations made by the Commission and the Trustee in such certificates and in the Indenture. We have also assumed that the documents referred to herein have been duly authorized by all parties thereto other than the Commission and are, where appropriate, legally binding obligations of, and enforceable in accordance with their terms against, all such other parties, except the Commission, and that the actions required to be taken and consent required to be obtained by such parties, have been taken or obtained. We do not render any opinion with respect to the adequacy of security for the Bonds or the adequacy of sources of payment in respect of the Bonds.

Based upon and subject to the foregoing and the additional assumptions, qualifications and limitations set forth herein, we are of the opinion that:

1. The Commission is a body corporate and politic, is validly existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") and has the corporate power to execute and deliver the Supplemental Indenture, to enter into the transactions contemplated by the

Supplemental Indenture, and to carry out its obligations thereunder, and to issue and deliver the Bonds.

2. The Bonds have been duly and validly authorized, executed and delivered by the Commission and constitute the valid and binding limited obligations of the Commission, enforceable against the Commission in accordance with their terms, payable from the sources provided therefor in the Indenture, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

3. The Supplemental Indenture has been duly authorized, executed and delivered by the Commission and constitutes the valid and binding obligation of the Commission in accordance with its terms, except as such enforcement may be limited by laws relating to bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium and other laws affecting creditors' rights, by equitable principles, whether considered at law or in equity, and by the exercise of judicial discretion in appropriate cases.

4. The Indenture creates the valid pledge of, and security interest in, the Trust Estate (as defined therein) as it purports to create. Pursuant to the OFT Act, the Commission Allocation has been appropriated by the Commonwealth, and the payment of the Commission Allocation to the Commission by the Commonwealth does not require any further legislative appropriation or legislative approval.

5. Under the laws of the Commonwealth, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains, or income derived from the sale, exchange, or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

6. Interest (including accrued original issue discount) on the Bonds is not includable in gross income for purposes of federal income taxation under existing statutes, regulations, rulings and court decisions, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in the preceding sentence is subject to the condition that the Commission complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excluded from gross income for purpose of federal income taxation. The Commission has covenanted to comply with all requirements. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. Interest on the Bonds is not treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We express no opinion regarding any other federal, state or local tax consequences relating to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

We express no opinion herein on the adequacy, completeness or accuracy of any official statement, placement memorandum or other disclosure document pertaining to the offering of the Bonds. We express no opinion as to the availability of specific performance or other equitable relief. We express no opinion herein with respect to the perfection or priority of any lien or security interest.

This opinion is rendered on the basis of, and limited to, federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof, and we express no opinion with respect to the laws of any other state or jurisdiction. In particular, we call to your attention that the Bonds are not in any way a debt or liability of the Commonwealth of Pennsylvania or any instrumentality, agency or political subdivision thereof other than the Commission, nor do the Bonds or the Indenture pledge the general credit or taxing power of the Commonwealth of Pennsylvania or any instrumentality, agency or political subdivision thereof. The Commission has no taxing power.

This opinion is limited to the matters expressly stated herein. No implied opinions are to be inferred to extend this opinion beyond the matters expressly stated herein. This opinion is given as of the date hereof, and we express no opinion as to any matter not set forth in the numbered paragraphs herein. We assume no obligation to update or supplement this opinion to reflect, or to otherwise advise you of, any facts or circumstances which may hereafter come to our attention or any changes in facts, circumstances or law which may hereafter occur.

This opinion is rendered solely for your benefit, may be relied upon by you solely in connection with the transactions contemplated hereby, and may not be relied upon by you for any other purpose, or by any other person for any purpose, in each case without our written consent.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

\$122,550,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2025

\$60,955,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2025

This Continuing Disclosure Agreement (this "**Disclosure Agreement**") is executed and delivered this 4th day of September, 2025, by the Pennsylvania Turnpike Commission (the "**Commission**") in connection with the issuance and sale by the Commission of its Oil Franchise Tax Senior Revenue Bonds, Series A of 2025, in the aggregate principal amount of \$122,550,000 (the "**2025A Bonds**"), and Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2025, in the aggregate principal amount of \$60,955,000 (the "**2025B Bonds**" and, together with the 2025A Bonds, the "**2025 Bonds**").

In consideration of the mutual covenants, promises and agreements contained herein and intending to be legally bound hereby, the Commission agrees as follows:

SECTION 1. DEFINITIONS

In this Disclosure Agreement and any agreement supplemental hereto (except as otherwise expressly provided or unless the context clearly otherwise requires), terms defined in the recitals hereto shall have the meanings set forth therein, and the following terms shall have the meanings specified below:

"**Annual Filing Date**" means the November 30th immediately following the preceding Fiscal Year ended May 31st, commencing with the Fiscal Year ending May 31, 2025, and each anniversary thereof. If November 30th falls on a day that is not a Business Day, the Annual Filing Date shall be the first Business Day thereafter. The Commission may adjust the Annual Filing Date upon change of its Fiscal Year by providing written notice of such change and the new Annual Filing Date to the Dissemination Agent and the Repository, provided that the period of time between the end of the new Fiscal Year and the new Annual Filing Date does not exceed the period of time between the end of the existing Fiscal Year and the current Annual Filing Date.

"**Business Day**" means a day other than: (a) a Saturday or a Sunday, (b) a day on which banks are required or authorized to be closed, (c) a day on which the Commission is required or authorized to be closed, or (d) a day on which the New York Stock Exchange is closed.

"**Dissemination Agent**" means Digital Assurance Certification, L.L.C., acting in its capacity as the initial Dissemination Agent with respect to the continuing disclosure obligations set forth herein, or any successor Dissemination Agent designated in writing by the Commission.

"**EMMA**" means the Electronic Municipal Market Access system, a service of the MSRB, or any successor thereto.

"**MSRB**" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as amended.

"**Official Statement**" shall mean the Official Statement dated August 21, 2025, with respect to the public offering of the 2025 Bonds.

"**Registered Owner or Owners**" shall mean the person or persons in whose name a 2025 Bond is registered on the books of the Commission kept for that purpose. For so long as the 2025 Bonds are registered in the name of the Securities Depository or its nominee, "**Registered Owner**" shall mean and include the holder of a book-entry credit evidencing an interest in the 2025 Bonds, including holders of book-entry credits who may file their names and addresses with the Commission for the purposes of receiving notices and giving direction under this Disclosure Agreement.

"**Repository**" means each entity authorized and approved by the SEC from time to time to act as a repository for purposes of complying with the Rule. As of the date hereof, the only Repository recognized by the SEC for such purpose is the MSRB, which currently accepts continuing disclosure filings through the EMMA website at <http://emma.msrb.org>.

"**Rule**" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

"**SEC**" means the United States Securities and Exchange Commission.

"**Securities Depository**" shall mean The Depository Trust Company, New York, New York, or its nominee, Cede & Co., or any successor thereto.

"**Underwriters**" shall mean the underwriters of the 2025 Bonds, as set forth in the Official Statement.

SECTION 2. AUTHORIZATION AND PURPOSE OF DISCLOSURE AGREEMENT

This Disclosure Agreement is authorized to be executed and delivered by the Commission in order to enable the Underwriters to comply with the requirements of the Rule. This Disclosure Agreement relates solely to the 2025 Bonds.

SECTION 3. ANNUAL FINANCIAL INFORMATION

The Commission agrees to provide or cause to be provided no later than the Annual Filing Date to the MSRB via EMMA, annual financial information (the "**Annual Financial Information**"), consisting of the following:

- (a) Annual updates to the historical amounts of (1) the Oil Franchise Tax collected by the Commonwealth and (2) the Commission Allocation;
- (b) financial and operating data of the type set forth in the Official Statement in Tables I, II and III of APPENDIX A – "THE PENNSYLVANIA TURNPIKE COMMISSION – CERTAIN FINANCIAL INFORMATION";

- (c) the Commission's audited financial statements for such fiscal year; and
- (d) a summary of any material legislative or regulatory developments affecting Act 3, Act 44 and/or Act 89 (each as defined in the Official Statement), since the Commission's most recent Annual Financial Information filing.

The Commission's audited financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied as in effect from time to time; provided, however, that the Commission reserves the right to change the basis upon which its audited financial statements are prepared at any time and from time to time. Should the Commission exercise its right to change the basis upon which its audited financial statements are prepared as provided in the immediately preceding sentence, it shall provide notice of any such accounting change to the MSRB via EMMA, which notice shall include a reference to the specific federal or state law or regulation requiring or permitting such accounting change and a description of such change. In the event that audited financial statements are not available by the Annual Filing Date, the Annual Financial Information will contain unaudited financial statements and the audited financial statements will be provided for filing when available.

Any or all of the items listed above may be included by specific reference to documents previously filed with the MSRB via EMMA, or the SEC, including, but not limited to, official statements of debt issues with respect to the Commission. If the document incorporated by reference is a final official statement, it must be available from the Repository. The Commission will clearly identify each such document so incorporated by reference.

SECTION 4. EVENT DISCLOSURE

The Commission agrees that it shall provide, in a timely manner, not to exceed ten business days after occurrence, to the MSRB via EMMA on such form and in such format as shall be required by the MSRB for such filings, notice of any of the following events with respect to the 2025 Bonds within the meaning of the Rule (each a "**Reportable Event**");

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the 2025 Bonds, or other material events affecting the tax status of the 2025 Bonds;
- (7) Modifications to the rights of the holders of the 2025 Bonds, if material;

- (8) Bond calls, if material, and tender offers;
- (9) Defeasance of all or any portion of the 2025 Bonds;
- (10) Release, substitution or sale of property securing repayment of the 2025 Bonds, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Commission¹;
- (13) The consummation of a merger, consolidation, or acquisition involving the Commission or the sale of all or substantially all of the assets of the Commission, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) Incurrence of a financial obligation of the Commission, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a financial obligation of the Commission, any of which affects holders of the 2025 Bonds, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a financial obligation of the Commission, any of which reflect financial difficulties.

The foregoing sixteen Reportable Events are quoted from the Rule. The SEC requires the listing of the Reportable Events set forth in clauses (1) through (16) above although some of such events may not be applicable to the 2025 Bonds.

SECTION 5. NOTICE OF FAILURE TO PROVIDE DISCLOSURE

The Commission covenants to provide in a timely manner to the MSRB notice of a failure (of which the Commission has knowledge) to provide the required Annual Financial Information on or before the Annual Filing Date.

¹ This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. AMENDMENT; WAIVER

The Commission may amend this Disclosure Agreement and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (a) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the Commission or the governmental operations conducted by the Commission, (b) this Disclosure Agreement, as modified by the amendment or waiver, would have complied with the requirements of the Rule at the time of original issuance of the 2025 Bonds, taking into account any interpretations of the Rule provided by the SEC, and (c) the amendment or waiver does not materially impair the interests of the Registered Owners of the 2025 Bonds. Evidence of compliance with the foregoing conditions shall be satisfied by delivery to the Commission of an opinion of counsel having recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that the amendment or waiver satisfies the conditions set forth in the preceding sentence. Notice of any amendment or waiver shall be filed by the Commission with the MSRB (via EMMA) and shall be sent to the Registered Owners of the 2025 Bonds. The Commission reserves the right to terminate its obligation to provide Annual Financial Information and notices of Reportable Events, as set forth above, if and when the Commission no longer remains an obligated person with respect to the 2025 Bonds within the meaning of the Rule.

SECTION 7. OTHER INFORMATION

Nothing in this Disclosure Agreement shall preclude the Commission from disseminating any other information with respect to the Commission or the 2025 Bonds, using the means of communication provided in this Disclosure Agreement or otherwise. Any election by the Commission to furnish any information not specifically required pursuant to this Disclosure Agreement, or by the means of communication provided for herein, shall not be deemed to be an additional contractual undertaking and the Commission shall have no obligation to furnish such information in any subsequent notice or by the same means of communication.

SECTION 8. BENEFIT; DEFAULT

The Commission acknowledges that its agreement to the disclosure undertaking set forth herein pursuant to the Rule is intended to be for the benefit of the Registered Owners from time to time of the 2025 Bonds, and shall be enforceable by such Registered Owners; provided that the right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the Commission's obligations under this Disclosure Agreement and any failure by the Commission to comply with the provisions of this undertaking shall not be an Event of Default under the 2025 Bonds or the Trust Indenture dated as of August 1, 1998, as amended and supplemented through the date hereof, including being supplemented by that certain Tenth Supplemental Trust Indenture dated as of September 1, 2025, and as it may be further amended and supplemented from time to time, between the Commission and U.S. Bank Trust Company, National Association, as trustee. In the event the Commission fails to comply with any provision of this Disclosure Agreement, any Registered Owner of the 2025 Bonds shall have the right, by mandamus, suit, action or proceeding at law or in equity, to compel the Commission to perform each and every term, provision and covenant contained in this Disclosure Agreement.

SECTION 9. FILING WITH EMMA; OTHER FILINGS

All filings required hereby shall be done electronically through EMMA in the form specified by the MSRB and accompanied by identifying information as prescribed by the MSRB or as otherwise specified by the MSRB.

In addition to filings through EMMA, the Commission may file any of the information necessary to be filed hereunder with such other electronic systems and entities as are approved by the SEC by interpretive letter or "no action" letter for receipt of such information in compliance with the requirements of paragraph (b)(5) of the Rule.

SECTION 10. TERM OF DISCLOSURE AGREEMENT

This Disclosure Agreement shall terminate (a) upon payment or provision for payment in full of the 2025 Bonds, or (b) upon repeal or rescission of Section (b)(5) of the Rule, or (c) an opinion of counsel having nationally recognized skill and experience in the issuance of municipal securities and federal securities law to the effect that Section (b)(5) of the Rule is invalid or unenforceable.

SECTION 11. BENEFICIARIES

This Disclosure Agreement shall inure solely to the benefit of the Commission, the Underwriters and the Registered Owners from time to time of the 2025 Bonds, and nothing herein contained shall confer any right upon any other person.

SECTION 12. NO PERSONAL RECOURSE

No personal recourse shall be had for any claim based on this Disclosure Agreement against any member, officer, or employee, past, present or future, of the Commission, or of any successor body.

SECTION 13. ENTIRE AGREEMENT

This Disclosure Agreement sets forth the entire understanding and agreement of the Commission with respect to the matters herein contemplated and no modification or amendment of or supplement to this Disclosure Agreement shall be valid or effective unless the same is in writing and signed by the parties hereto.

SECTION 14. ELECTRONIC SIGNATURES

The parties to this Disclosure Agreement acknowledge that any party may execute this Disclosure Agreement pursuant to digital or electronic means. Notwithstanding any time stamp accompanying a digital or electronic signature indicating an earlier time, this Disclosure Agreement shall be effective upon the delivery to the respective parties of a fully-executed version of this Disclosure Agreement.

SECTION 15. GOVERNING LAW

The internal laws of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Disclosure Agreement; provided that, to the extent that the SEC, the MSRB or any other federal or state agency or regulatory body with jurisdiction in connection with the 2025 Bonds shall have promulgated any rule or regulation governing the subject matter hereof (including without limitation the Rule), this Disclosure Agreement shall be interpreted and construed in a manner consistent therewith.

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**SIGNATURE PAGE TO
CONTINUING DISCLOSURE AGREEMENT**

\$122,550,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Senior Revenue Bonds,
Series A of 2025

\$60,955,000
Pennsylvania Turnpike Commission
Oil Franchise Tax Subordinated Revenue Bonds,
Series B of 2025

IN WITNESS WHEREOF, this Continuing Disclosure Agreement has been executed and delivered as of the day and year first written above.

PENNSYLVANIA TURNPIKE COMMISSION

By: _____
Name: Richard C. Dreher
Title: Chief Financial Officer

APPENDIX F

DEBT SERVICE REQUIREMENTS OF THE OUTSTANDING BONDS

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APPENDIX F - DEBT SERVICE REQUIREMENTS OF THE OIL FRANCHISE TAX SENIOR AND SUBORDINATED REVENUE BONDS¹

Fiscal Year	Existing Debt Service on Senior Bonds ^{2,3,4}	Oil Franchise Tax Senior Revenue Bonds, Series A of 2025			Total Debt Service On Senior Bonds ^{2,3,4}	Existing Debt Service On Subordinated Bonds ²	Oil Franchise Tax Subordinated Revenue Bonds, Series B of 2025			Total Debt Service On Subordinated Bonds ²	Aggregate Debt Service ^{2,3,4}
		Principal	Interest	Total			Principal	Interest	Total		
2026	\$ 37,183,995	\$ -	\$ -	\$ -	\$ 37,183,995	\$ 25,523,163	\$ -	\$ -	\$ -	\$ 25,523,163	\$ 62,707,158
2027	55,689,904	-	7,893,942	7,893,942	63,583,846	39,287,820	-	3,805,708	3,805,708	43,093,528	106,677,375
2028	55,710,550	-	6,357,538	6,357,538	62,068,087	39,304,577	-	3,065,000	3,065,000	42,369,577	104,437,665
2029	55,737,819	-	6,357,538	6,357,538	62,095,356	39,315,125	-	3,065,000	3,065,000	42,380,125	104,475,481
2030	55,764,502	-	6,357,538	6,357,538	62,122,039	39,332,523	-	3,065,000	3,065,000	42,397,523	104,519,563
2031	55,792,991	-	6,357,538	6,357,538	62,150,528	39,350,535	-	3,065,000	3,065,000	42,415,535	104,566,063
2032	55,820,590	-	6,357,538	6,357,538	62,178,128	39,367,701	-	3,065,000	3,065,000	42,432,701	104,610,829
2033	55,845,037	-	6,357,538	6,357,538	62,202,574	39,392,053	-	3,065,000	3,065,000	42,457,053	104,659,628
2034	52,958,634	1,990,000	6,357,538	8,347,538	61,306,172	39,772,997	-	3,065,000	3,065,000	42,837,997	104,144,169
2035	52,948,477	2,120,000	6,258,038	8,378,038	61,326,515	39,768,568	-	3,065,000	3,065,000	42,833,568	104,160,083
2036	52,935,512	2,265,000	6,152,038	8,417,038	61,352,550	39,761,665	-	3,065,000	3,065,000	42,826,665	104,179,215
2037	52,928,369	2,410,000	6,038,788	8,448,788	61,377,157	39,751,005	-	3,065,000	3,065,000	42,816,005	104,193,162
2038	52,650,284	2,560,000	5,918,288	8,478,288	61,128,572	39,955,307	-	3,065,000	3,065,000	43,020,307	104,148,879
2039	52,348,388	2,695,000	5,790,288	8,485,288	60,833,675	40,032,500	-	3,065,000	3,065,000	43,097,500	103,931,175
2040	52,348,388	2,835,000	5,655,538	8,490,538	60,838,925	40,057,150	-	3,065,000	3,065,000	43,122,150	103,961,075
2041	51,783,388	4,320,000	5,513,788	9,833,788	61,617,175	40,426,800	-	3,065,000	3,065,000	43,491,800	105,108,975
2042	51,780,550	4,590,000	5,297,788	9,887,788	61,668,338	40,455,300	-	3,065,000	3,065,000	43,520,300	105,188,638
2043	56,254,488	1,200,000	5,068,288	6,268,288	62,522,775	33,813,250	4,000,000	3,065,000	7,065,000	40,878,250	103,401,025
2044	56,302,250	1,265,000	5,008,288	6,273,288	62,575,538	38,528,750	-	2,865,000	2,865,000	41,393,750	103,969,288
2045	56,354,625	1,335,000	4,941,875	6,276,875	62,631,500	38,582,000	-	2,865,000	2,865,000	41,447,000	104,078,500
2046	56,366,150	1,405,000	4,871,788	6,276,788	62,642,938	38,614,250	-	2,865,000	2,865,000	41,479,250	104,122,188
2047	56,420,150	1,480,000	4,798,025	6,278,025	62,698,175	38,654,250	-	2,865,000	2,865,000	41,519,250	104,217,425
2048	56,296,400	1,560,000	4,720,325	6,280,325	62,576,725	38,648,000	-	2,865,000	2,865,000	41,513,000	104,089,725
2049	56,338,350	1,645,000	4,638,425	6,283,425	62,621,775	38,645,900	1,000,000	2,865,000	3,865,000	42,510,900	105,132,675
2050	56,282,950	1,730,000	4,552,063	6,282,063	62,565,013	13,190,200	2,950,000	2,812,500	5,762,500	18,952,700	81,517,713
2051	56,317,500	1,820,000	4,465,563	6,285,563	62,603,063	13,187,600	2,950,000	2,657,625	5,607,625	18,795,225	81,398,288
2052	56,350,850	1,925,000	4,374,563	6,299,563	62,650,413	8,419,200	17,755,000	2,502,750	20,257,750	28,676,950	91,327,363
2053	-	40,700,000	4,273,500	44,973,500	44,973,500	29,150,000	15,745,000	1,615,000	17,360,000	46,510,000	91,483,500
2054	-	40,700,000	2,136,750	42,836,750	42,836,750	29,172,000	16,555,000	827,750	17,382,750	46,554,750	89,391,500
TOTAL	\$ 1,463,511,089	\$ 122,550,000	\$ 152,870,705	\$ 275,420,705	\$ 1,738,931,794	\$ 1,019,460,191	\$ 60,955,000	\$ 80,451,333	\$ 141,406,333	\$ 1,160,866,524	\$ 2,899,798,318

⁽¹⁾ Debt service is computed on a Commission Fiscal Year basis which ends May 31st. Totals may not add due to rounding.

⁽²⁾ Interest reflects anticipated receipt of Issuer Subsidy with respect to Build America Bonds, subject to applying the 5.7% sequestration reduction through maturity. For information regarding the effects of sequestration on the federal subsidy payable with respect to the Commission's outstanding Build America Bonds, see "Investment Considerations - Reductions in federal subsidy payable to the Commission for its Outstanding Build America Bonds due to sequestration" in this Official Statement.

⁽³⁾ Amounts are inclusive of compounded interest on capital appreciation bonds.

⁽⁴⁾ Excludes cash flow impact of Parity Swaps. See "Security for the 2025 Bonds - Parity Swaps" in this Official Statement.

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