



Summary of Lease and Funding Agreement Between PA Turnpike Commission, as Lessee, and PennDOT, as Lessor

- Creates an historic “Public-Public Partnership” between the Commission and PennDOT to provide funding for transportation.

Payments to PennDOT

- Commits the Commission to make payments of \$750 million in fiscal year 2007-08, \$850 million in fiscal year 2008-09 and \$900 million in fiscal year 2009-10, and shall increase by 2.5 percent for each fiscal year thereafter.
- Of the Commission’s payments, \$450 million shall be designated for roads and bridges in fiscal year 2007-08, \$500 million in fiscal 2008-09 and \$500 million in fiscal year 2009-10, and shall increase by 2.5 percent for each fiscal year thereafter. In fiscal year 2007-08, three equal installments of \$150 million shall be due on the last business day of October 2007, January 2008 and April 2008.
- Of the Commission’s payments, \$300 million shall be deposited in the Public Transportation Trust Fund to be used exclusively for mass transit in fiscal year 2007-08, \$350 million in fiscal 2008-09 and \$400 million in fiscal year 2009-10, and shall increase by 2.5 percent for each fiscal year thereafter. No toll revenues from Interstate 80 shall be utilized in making such payments to the Public Transportation Trust Fund for transit.
- When Interstate 80 is converted to a toll road, any annual surplus in the General Reserve Fund (as verified by the Auditor General) shall be paid to PennDOT at the end of each respective year.
- First payment to the Public Transportation Trust Fund of \$62.5 million was paid August 7, 2007. In fiscal year 2007-08, three equal installments of \$79,166,667 shall be due on the last business day of October 2007, January 2008 and April 2008.
- If conversion of Interstate 80 does not occur, the Commission is only committed to make annual payments of \$450 million (\$200 million designated for roads and bridges and \$250 million to be deposited in the Public Transportation Trust Fund to be used exclusively for mass transit).
- All financial obligations of the Commission under the Lease shall be subordinate obligations of the Commission payable from amounts in the General Reserve Fund of the Commission and payable only as permitted by the Commission’s financing documents in effect.
- The Commission shall fix and revise tolls at levels that will generate revenues (together with other available moneys) sufficient to pay, among other things, amounts to PennDOT pursuant to the Lease when due and in a manner that permits PennDOT to allocate such funds in accordance with the provisions of Act 44.

Special Revenue Bonds

- Authorizes the issuance of up to \$5 billion of Special Revenue Bonds backed by the Motor License Fund, with debt service to be paid by the Commission and with the proceeds to be used for roads and bridges. No more than \$600 million of Special Revenue Bonds may be issued in any calendar year.
- The bond proceeds will be a credit against the Commission's obligation to pay Annual Additional Rent when transferred to PennDOT.
- Motor License Fund revenues are pledged in the event the Commission defaults on a payment. The Commission must reimburse the Motor License Fund for any amounts advanced from the Motor License Fund.
- PennDOT may utilize design-build arrangements for projects financed with Special Revenue Bond proceeds.
- All projects financed with the proceeds of Special Revenue Bonds shall be included in any submission PennDOT is required to make to the General Assembly regarding highway project expenditures.
- PennDOT shall establish and maintain accounts recording the investment and expenditure of Tax-Exempt Bond proceeds transferred to it under the Lease. In connection with each issuance of Tax-Exempt Bonds, PennDOT shall execute a certificate prepared by the Commission stating that the reasonably expected use and expenditure of the proceeds of the Tax-Exempt Bonds is in a manner consistent with PennDOT's accounting system.

Conversion of Interstate 80

- The Commission has the option to convert Interstate 80 to a toll road at any time in the next three-years; a period may be extended for three one-year periods at the election of the Commission.
- Authorizes the Commission, with the cooperation of PennDOT, to apply to the Federal Highway Administration under one of its tolling pilot programs for the right to operate and toll Interstate 80. The PennDOT Secretary shall ensure that all information required for the application is made available to the Commission as soon as practicable.
- After conversion to a toll road, Interstate 80 shall at all times be under the direction and supervision of the Commission. After the Conversion Date, all legal, financial and operational responsibility for Interstate 80, as well as all toll revenues subsequently collected, shall transfer to the Commission.
- Interstate 80 will be an open tolling system with no more than ten toll collection points.
- The Commission may contract with PennDOT for any portion of the maintenance of Interstate 80 at cost levels agreed to by PennDOT and the Commission.
- Service plazas are not permitted in the right-of-way along Interstate 80.

- On or before October 15, 2009, the Commission shall develop, and submit to PennDOT for comment, operating standards that the Commission is prepared to implement, from and after the Conversion Date, that shall reasonably be anticipated to result in maintaining the physical characteristics of Interstate 80 at a general level of quality that is comparable to, or better than, the greater of:
 - (i) the general level of quality of such characteristics in regard to Interstate 80 as of the Conversion Date;
 - (ii) the general level of quality of such characteristics in regard to the Turnpike System as of the Conversion Date; and
 - (iii) the general level of quality at which divided four or more lane limited access interstate highways with interchanges, and interstate quality bridges, are being operated as of the Conversion Date.

Department's Obligations with Respect to I-80 Before Conversion

- PennDOT must maintain and operate Interstate 80 in the same general manner as during the previous two-year period.
- All operations shall be maintained at levels no less favorable than those set forth in PennDOT's Twelve-Year Plan in effect at the time of execution of the Lease with modifications approved by the Commission's Chairman; such approval not to be unreasonably withheld.
- Prior to the Conversion Date, the Department shall commence (or will have commenced) and shall pursue with reasonable diligence, and at its own cost and expense, those capital improvement projects set forth in the Twelve-Year Plan as of the date of the Lease, with such changes as agreed to by the parties.

Commission Governance & Accountability

- The Commission shall have the right to contract with the State Police for enhanced levels of State Police service for traffic patrol and traffic law enforcement.
- The Commission is required to annually file a financial plan with the Secretary of the Budget, no later than June 1 of each year, demonstrating that the Commission can reasonably anticipate having unencumbered funds sufficient to make the payments due PennDOT under the Lease for such Fiscal Years, after all other obligations of the Commission have been met.
- The Commission is required to file quarterly reports and periodic updates regarding the conversion of Interstate 80 to the Chairman and Minority Chairman of the House and Senate Transportation Committees.
- The Commission is required to conduct traffic studies prior to the Conversion Date, and within one year after the Conversion Date, to quantify any diversion of traffic from Interstate 80 to other roadways as a result of the conversion.
- The Auditor General is required to conduct an audit every four years to be paid for by the Commission.