

SUPPLEMENTAL TRUST INDENTURE NO. 3

Dated as of July 1, 2018

BY AND BETWEEN

PENNSYLVANIA TURNPIKE COMMISSION

AND

U.S. BANK NATIONAL ASSOCIATION

**(successor to The Bank of New York Mellon Trust Company, N.A.)
as Trustee**

Supplementing and Amending

TRUST INDENTURE

Dated as of August 1, 2005

RELATING TO MODIFICATIONS OF

**PENNSYLVANIA TURNPIKE COMMISSION
REGISTRATION FEE REVENUE REFUNDING BONDS,
SERIES B OF 2005, SERIES C OF 2005 AND SERIES D OF 2005
(VARIABLE RATE BONDS)**

SUPPLEMENTAL TRUST INDENTURE NO. 3

This SUPPLEMENTAL TRUST INDENTURE NO. 3 (this “Supplemental Indenture No. 3”) is dated as of July 1, 2018, by and between PENNSYLVANIA TURNPIKE COMMISSION (the “Commission”), an instrumentality of the Commonwealth of Pennsylvania (the “Commonwealth”) and U.S. BANK NATIONAL ASSOCIATION (successor to The Bank of New York Mellon Trust Company, N.A.), as trustee (the “Trustee”), a national banking association organized and existing under the laws of the United States of America.

RECITALS:

WHEREAS, 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335; the Act of August 14, 1951, P. L. 1232; and the Act of September 30, 1985, P. L. 240 (“Act 61”) to the extent not repealed by Act 44 and the Act of November 25, 2015, P.L. 974, No. 89 (“Act 89”) (collectively, the “Enabling Acts”), the Commission is authorized to construct, operate and maintain a turnpike system and to issue bonds payable solely from the revenues of the Commission, including tolls, or from such funds as may be available to the Commission for that purpose; and

WHEREAS, the Commonwealth imposes annual registration fees on owners or lessees of passenger cars, recreational motor vehicles, motorcycles, trucks, farm vehicles and other vehicles pursuant to 75 Pa.C.S.A. Section 1911 et seq., (which, together with certain related charges, are referred to herein as the “Registration Fees”); and

WHEREAS, pursuant to Act No. 1997-3, H.B. No. 67, approved April 17, 1997 (“Act 3”), the annual Registration Fees were increased (with a few exceptions) effective July 1, 1997 (the portion of the Registration Fees received as a result of the increases imposed by Act 3 are referred to as the “Act 3 Revenues”), which Act 3 Revenues are collected by the Department of Transportation of the Commonwealth, deposited in the Motor License Fund of the Commonwealth for which the Commonwealth Treasurer acts as custodian and, except to the extent provided in the following paragraph, appropriated for the use of the Department of Transportation of the Commonwealth for new highway capital projects; and

WHEREAS, pursuant to Section 20 of Act 3, \$28,000,000 of the Act 3 Revenues deposited in the Motor License Fund are appropriated to the Commission annually (the portion of the Act 3 Revenues appropriated to the Commission, as the same may be increased from time to time, is referred to hereinafter as the “Commission Allocation”) and are distributed monthly to the Commission in the amount of \$2,333,333.33; and

WHEREAS, pursuant to Section 20 of Act 3, the Commonwealth has pledged to and agreed with any person, firm or corporation acquiring any bonds to be issued by the Commission and secured in whole or in part by a pledge of the portion of such Commission Allocation received by the Commission that the Commonwealth will not limit or alter the rights vested in the Commission to the appropriation and distribution of such Commission Allocation; and

WHEREAS, the Commission has previously issued its Registration Fee Revenue Refunding Bonds, Series A of 2005 and its Registration Fee Revenue Refunding Bonds, Series B of 2005, Series C of 2005 and Series D of 2005 (collectively, the “Variable Rate Bonds”) pursuant to a Trust Indenture dated as of August 1, 2005 by and between the Commission and the Wachovia Bank, National Association, as supplemented by Supplemental Trust Indenture No. 1 dated as of December 20, 2013 (the “Original Indenture”); and

WHEREAS, the scheduled payment of principal and interest on the Variable Rate Bonds is insured by a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. (formerly Financial Security Assurance, Inc.); and

WHEREAS, in accordance with Supplemental Trust Indenture No. 2 dated as of October 1, 2015 by and between the Commission and the Trustee (the “Supplemental Indenture No. 2” together with the Original Indenture, the “Trust Indenture”), and Annex A appended to the Supplemental Indenture No. 2 (“Annex A”), the Variable Rate Bonds currently bear interest at an Index Rate; and

WHEREAS, the Variable Rate Bonds were purchased by DNT Asset Trust (“Lender”) pursuant to a Continuing Covenant Agreement dated as of October 8, 2015 by and between the Commission and the Lender; and

WHEREAS, the Commission now desires, in accordance with Section 12.02 of the Trust Indenture, to further amend the Trust Indenture and provide for certain modifications in Annex A to (i) adjust interest rate calculations while the Variable Rate Bonds bear interest at an Index Rate in an Index Rate Mode, and (ii) extend the Lender’s Initial Mandatory Purchase Date from October 8, 2020 to July 19, 2023; and

WHEREAS, the Commission has taken all necessary action to constitute this Supplemental Indenture No. 3 a valid and binding instrument for the authorization of the aforementioned amendments to the Trust Indenture as provided herein; and

NOW, THEREFORE, THE TRUST INDENTURE is hereby amended as follows:

ARTICLE 1
AMENDMENTS

1.1 Section A-1.01 of Annex A.

Section A-1.01 of Annex A is hereby amended to change the definitions of the following terms currently contained in Article A-I of Annex A to read in their entirety, as follows:

“Amendment Effective Date” shall mean July 19, 2018.

“Applicable Factor” shall mean (i) on and after the Amendment Effective Date, 70% and after the Amendment Effective Date, 79% and (ii) during any other Index Rate Period established thereafter, such other percentage as may be determined pursuant to this Annex A.

“Applicable Margin” shall mean (i) on and after the Amendment Effective Date, eighty five basis points (0.85%) and after the Amendment Effective Date, one hundred and five basis points (1.05%), and (ii) during any other Index Rate Period established thereafter, such other basis points or schedule of basis points as may be determined pursuant to this Annex A.

“Initial Mandatory Purchase Date” shall mean July 19, 2023.

“Interest Payment Date” shall mean the fifteenth day of each calendar month, any day that is a Conversion Date for such Variable Rate Bonds from an Index Rate Period and the maturity date for such Variable Rate Bonds, provided that notwithstanding the foregoing, the first Interest Payment Date with respect to the Variable Rate Bonds during the Initial Index Rate Period and after the Amendment Effective Date shall be August 15, 2018.

“LIBOR Rate” shall mean the London interbank offered rate administered by the ICE Benchmark Administration (or any other Person that takes over the administration of such rate) for U.S. Dollars for a period equal in length to a one-month period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen two Business Days prior to the commencement of such one-month period, or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate (any of the foregoing, the “LIBO Screen Rate”). The LIBOR Rate shall adjust upon the expiration of each one-month period.

If at any time the Calculation Agent determines (which determination shall be conclusive absent manifest error) that (i) adequate and reasonable means do not exist for ascertaining the LIBOR Rate (including because the LIBO Screen Rate is not available or published on a current basis), for an Interest Period and such circumstances are unlikely to be temporary or (ii) the circumstances set forth in clause (i) above have not arisen but either (w) the supervisor for the administrator of the LIBO Screen Rate has made a public statement that the administrator of the LIBO Screen Rate is insolvent (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (x) the administrator of the LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published by it (and there is no successor administrator that will continue publication of the LIBO Screen Rate), (y) the supervisor for the administrator of the

LIBO Screen Rate has made a public statement identifying a specific date after which the LIBO Screen Rate will permanently or indefinitely cease to be published or (z) the supervisor for the administrator of the LIBO Screen Rate or a Governmental Authority having jurisdiction over the Calculation Agent has made a public statement identifying a specific date after which the LIBO Screen Rate may no longer be used for determining interest rates for loans, then the Calculation Agent and the Commission shall endeavor to establish an alternate rate of interest to the LIBO Rate that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time, and shall (i) enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable (but for the avoidance of doubt, such related changes shall not include a reduction of the Applicable Margin or Applicable Factor), and (ii) the Commission shall cause to be delivered to the Purchaser, and the Purchaser shall have received, reviewed, approved and accepted an opinion of Bond Counsel stating that the proposed amendment and alternate rate of interest is permitted by this Indenture and will not adversely affect the exclusion from gross income of interest on the Variable Rate Bonds for federal income tax purposes; *provided that*, if such alternate rate of interest as so determined would be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement. Until an alternate rate of interest shall be determined in accordance with this paragraph (but, in the case of the circumstances described in clause (ii) of the first sentence of this paragraph, only to the extent the LIBO Screen Rate for such Interest Period is not available or published at such time on a current basis), the Variable Rate Bonds shall bear interest at the Alternate Base Rate.

“LIBOR Index Rate” shall mean a per annum rate of interest equal to the sum of (i) the Applicable Margin plus (ii) the product of (a) the LIBOR Rate multiplied by (b) the Applicable Factor.

“Taxable Rate” shall mean, with respect to a Taxable Period, the product of (i) the average interest rate on the Variable Rate Bonds during such period (such rate being referred to herein as the “Insured Portion”) and (ii) 1.26582.

1.2 Deletions of Section A-1.01 of Annex A.

Section A-1.01 of Annex A is hereby amended to delete the definitions of “Margin Rate Factor” and “Maximum Federal Corporate Tax Rate” contained in Article A-I of Annex A.

1.3 Section A-2.01(i) of Annex A.

Section A-2.01(i) of Annex A is hereby amended to read in its entirety as follows:

(i) *Interest.* The Variable Rate Bonds shall bear interest from their date, or from the most recent Interest Payment Date to which interest has been paid, whichever is later, payable on each Interest Payment Date, including August 15, 2018, at the rates determined pursuant to this Section A-2.01(i). From the Closing Date until a Conversion Date for the Variable Rate Bonds, if any, in accordance with the terms of the Original Indenture, the Variable Rate Bonds shall bear interest at the Index Rate (computed on the basis of a 360 day year for the number of days actually elapsed). The Variable Rate Bonds may not be converted from bearing interest at an Index Rate to another Variable Rate Period prior to July 19, 2023.

Prior to the Amendment Effective Date, the LIBOR Index Rate shall be 2.80%. On and after the Amendment Effective Date, the LIBOR Index Rate shall be 2.69%, the initial Interest Payment Date following the Amendment Effective Date shall be August 15, 2018, and the Variable Rate Bonds shall be subject to mandatory purchase on any Mandatory Purchase Date for the Variable Rate Bonds.

ARTICLE 2

MISCELLANEOUS

2.1 Effect and Effectiveness of this Supplemental Indenture No. 3.

This Supplemental Indenture No. 3 shall be and become effective immediately upon its execution and delivery to the Commission and the Trustee. Except as specifically amended by this Supplemental Indenture No. 3, the Trust Indenture and Annex A shall remain in full force and effect and is hereby ratified by the Commission and the Trustee.

2.2 Headings for Convenience Only.

The descriptive headings in this Supplemental Indenture No. 3 are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof.

2.3 Counterparts.

This Supplemental Indenture No. 3 may be executed in any number of counterparts, each of which when so executed and delivered shall be an original; but such counterparts shall together constitute but one and the same instrument.


2.4 Applicable Law.

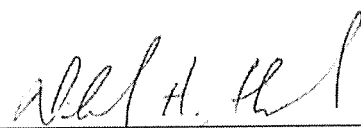
This Supplemental Indenture No. 3 shall be governed by and construed in accordance with the laws of the Commonwealth.

IN WITNESS WHEREOF, Pennsylvania Turnpike Commission has caused this Supplemental Indenture No. 3 to be executed by its Chief Financial Officer and attested by an authorized officer and U.S. Bank National Association, as Trustee, has caused this Supplemental Indenture No. 3 to be executed by one of its authorized officers and attested by one of its authorized officers all as of the day and year first above written.

ATTEST:

**PENNSYLVANIA TURNPIKE
COMMISSION**

By: 
Authorized Officer

By: 
Chief Financial Officer

ATTEST:

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: _____
Authorized Officer

By: _____
Authorized Officer

[Signature Page to Supplemental Indenture No. 3]

IN WITNESS WHEREOF, Pennsylvania Turnpike Commission has caused this Supplemental Indenture No. 3 to be executed by its Chief Financial Officer and attested by an authorized officer and U.S. Bank National Association, as Trustee, has caused this Supplemental Indenture No. 3 to be executed by one of its authorized officers and attested by one of its authorized officers all as of the day and year first above written.

ATTEST:

**PENNSYLVANIA TURNPIKE
COMMISSION**

By: _____
Authorized Officer

By: _____
Chief Financial Officer

ATTEST:

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

By: Stacy L Mitchell
Authorized Officer

By: [Signature]
Authorized Officer

[Signature Page to Supplemental Indenture No. 3]