

Allocation Certificate for TriEx Bonds

The undersigned officers of the North Carolina Turnpike Authority (“NCTA”), a part of the North Carolina Department of Transportation (“NCDOT”), hereby certify as follows in connection with the NCTA’s Triangle Expressway System (“TriEx”):

Background

1. On July 29, 2009, the NCTA issued (a) its \$234,910,000 Triangle Expressway System Senior Lien Revenue Bonds, Series 2009A (the “2009A Bonds”) and its \$35,173,108.85 Triangle Expressway System Senior Lien Revenue Bonds, Series 2009B (the “2009B Bonds” and, together with the 2009A Bonds, the “Tax-Exempt Bonds”) and (b) its \$352,675,000 Triangle Expressway System State Appropriation Revenue Bonds, Series 2009B (Federally Taxable - Issuer Subsidy - Build America Bonds) (the “Taxable Bonds” or “BABs” and, with the Tax-Exempt Bonds, the “TriEx Bonds”), with the proceeds of all three series of the TriEx Bonds intended to be used, with other available funds, to pay the cost of land acquisition, design, construction and equipping of the TriEx project, to fund interest on the TriEx Bonds for a period, to pay for bond insurance on the Tax-Exempt Bonds, to fund certain reserves and to pay certain issuance costs. The Tax-Exempt Bonds were issued pursuant to a Trust Agreement dated as of June 1, 2009 (the “Revenue Trust Agreement”), between the NCTA and Wells Fargo Bank, N. A., as trustee (the “Trustee”), and a First Supplemental Trust Agreement dated as of July 1, 2009, between the NCTA and the Trustee (the “Revenue Supplement”). The Taxable Bonds were issued pursuant to a separate Trust Agreement dated as of July 1, 2009 (the “BABs Trust Agreement”), between NCTA and the Trustee, and a First Supplemental Trust Agreement dated as of July 1, 2009 (the “BABs Supplement”), between the NCTA and the Trustee.

Purposes

2. This certificate (a) evidences the NCTA’s allocation to expenditures of the proceeds of the TriEx Bonds pursuant to Internal Revenue Service Regulations

Section 1.148-6(d)(1), and (b) meets the requirements of Section 407 of the Revenue Trust Agreement and Section 407 of the BABs Trust Agreement by identifying the anticipated use of amounts remaining in the Project Fund for the TriEx Bonds.

3. On July 10, 2009, the NCTA entered into a TIFIA Loan Agreement dated as of July 1, 2009, between the United States Department of Transportation acting by and through the Federal Highway Administration (“USDOT”), and the NCTA (the “TIFIA Loan Agreement”) which provided for a loan to NCTA of up to \$386,662,363 for costs of the development, design and construction of the TriEx project.¹ The use of such funds are not discussed further herein which deals solely with the use of proceeds of the TriEx Bonds.

Completion of TriEx Project

4. As stated in the NCTA Triangle Expressway Substantial Completion Report as of February 28, 2013, submitted to USDOT March 28, 2013, pursuant to Section 21(b) of the TIFIA Loan Agreement, the TriEx project’s “substantial completion was achieved on January 2, 2013, when all phases were open to toll traffic.”

Determination of “Unexpended Proceeds”

5. The following are the identified original proceeds of the TriEx Bonds and their immediate uses (payments or deposits):

	<u>Tax-Exempt Bonds</u>	<u>Taxable Bonds</u>
Par (face principal amount)	\$ 270,083,108.85	\$ 352,675,000.00
Less original issue discount	(1,534,653.95)	(816,455.20)
Less Underwriters’ discount	<u>(1,780,735.43)</u>	<u>(3,474,361.35)</u>
<u>Total</u>	\$ 266,767,719.47	\$ 348,384,183.45

¹ NCTA borrowed only \$372,876,792 under the TIFIA Loan Agreement which has been spent on WBS 35520.5 TA9 Roadway Construction- TIFIA Funds Western Wake (\$315,710,463) and WBS 39942.5 TA9 Roadway Construction Triangle Turnpike (\$57,166,329). There are no unspent proceeds of the TIFIA loan.

deposits to the Project Fund for the TriEx Bonds but not including the portions of the deposits for issuance expenses which were promptly paid, the total of proceeds to be accounted for at this time is:

	<u>Amount</u>
Tax-Exempt Bonds deposit to Project Fund	\$ 185,348,528.24
Taxable Bonds deposit to Project Fund	305,784,923.56
Earnings on Bonds deposit	<u>10,611,358.35</u>
<u>Total</u>	\$ 501,744,810.15

Since some of such amounts have not been spent, investment earnings continue.

Use of Project Fund Amounts Through June 2014

7. The following expenditures were made or reimbursed within the timing standards of Regulations Section 1.150-2 and are attributed to proceeds of TriEx Bonds.

<u>WBS</u>	<u>Description</u>	<u>Amount</u>
39942.5 TA1	Roadway Construction Triangle Turnpike	\$104,838,030
39942.5 TA2	U-4763 ROW – Triangle Turnpike	11,882,152
39942.5 TA3	ITS – Triangle Turnpike	91,299
39942.5 TA4	Electronic Toll – Triangle Turnpike	438,647
39942.5 TA5	Roadside Operations – Triangle Turnpike	261,502
39942.5 TA6	Combined TCS	132,715
39942.5 TA7	Combined ITS	5,498
39942.5 TA8	Toll Collection Management System RFP	27,056
35520.5 TA1	Roadway Construction – Western Wake	256,680,800
35520.5 TA2	R-2635 ROW - Western Wake Turnpike	63,402,424
35520.5 TA3	ITS - Western Wake Turnpike	111,455
35520.5 TA4	Electronic Toll - Western Wake Turnpike	420,879
35520.5 TA5	Roadside Operations - Western Wake Tnp	226,180
35520.5 TA6	Combined TCS	130,082
35520.5 TA7	Combined ITS	19,830
35520.5 TA8	Toll Collection Management System RFP	25,976
35520.5 TA11	Marketing Costs ⁵	<u>1,714,614</u>
	<u>Total</u>	\$ 440,409,138

Actions Taken in June 2014

⁵ Specifically allocated solely to Tax-Exempt Bonds.

8. After taking advice of counsel, on June 26, 2014, NCTA drew from the Trustee \$30,921,194.08 in proceeds which are accordingly allocated to the following uses:

- Reimbursement to NCTA/NCDOT for interest paid on the TriEx Bonds not paid from the initial deposit, or earnings therefrom, designated as capitalized interest in the amount of \$7,348,519.34.
- Of the following aggregate total of \$14,001,803 of certain costs, an amount equal to \$9,572,674.74 was designated as to be allocated to proceeds use. Since such amounts may be working capital, all of such proceeds were designated as coming from Tax-Exempt Bonds.

<u>WBS</u>	<u>Description</u>	<u>Amount</u>
40.1.1	NCDOT Labor	\$ 574,226
40.1.2	Routine Maintenance	1,904,537
40.1.6	Highway Patrol	433,230
40.1.7	IMAP	342,969
40.1.9	Damage Claims	28,156
40.1.10	Inspections	49,862
40.1.11	Utilities	366,343
40.1.13	Electronic Toll Collection Contractor	19,206
40.1.14	Roadside Toll Collection System Contractor	879,548
40.1.15	Professional Consultants	2,467,402
40.7.2	Raleigh CSC Facility	2,767,056
40.7.4	Back Office System Contractor Raleigh	1,409,344
40.8.1	Marketing	761,180
40.9.1	Transponders	<u>1,998,744</u>
	<u>Subtotal</u>	\$14,001,803

- Of the following aggregate total of \$30,880,542 of certain costs, an amount equal to \$14,000,000 was designated as to be allocated from TriEx Bond proceeds. All of such costs were directly related to project capital costs.

<u>WBS</u>	<u>Description</u>	<u>Amount</u>
39942.1.1	U-4763 Research Triangle Park	\$ 466,958
39942.1.TA1	U-4763 PE – Triangle Parkway	8,311,417
35520.1.1	R-2635 – PE – WWP	13,533,598
35520.1.FS3	R-2635D – PE – NC 540 Interchange	154,567

35520.1.TA1	R-2635 – PE - NCTA – WWP	<u>8,414,002</u>
		<u>Total</u> \$30,880,542

Therefore, the calculation for unexpended proceeds, not including earnings since 6/30/2014, is as follows:

Proceeds in Project Fund plus earnings through 6/30/2014	\$ 501,744,810.15
Less originally identified qualifying expenditures	(440,409,138.35)
<u>Subtotal</u>	\$ 61,335,671.80
Less more interest reimbursed	(7,348,519.34)
Less portion of certain working capital costs	(9,572,674.74)
Less portion of other designated capital costs	(14,000,000.00)
<u>Subtotal</u> (unexpended as of June 30, 2014))	\$ 30,414,477.72

Use of Unexpended Proceeds

9. The unexpended amounts as determined above, with any earnings from the investment thereof, are hereby designated as intended to be used for the costs of two planned new exchanges within the existing footprint of the TriEx project - the Old Holly Springs-Apex Road Interchange (colloquially known as “OHSARI”) and the Morrisville Parkway Interchange.

Compliance with Sections 407

10. The total aggregate cost of the TriEx project is not known at this time since the two planned interchanges are not completed. However, the aggregate cost to date, including amounts paid with proceeds of the TIFIA loan but not reserve fund deposits, interest during construction or issuance expenses, is \$813.3 million. Except for amounts not due and payable (including with respect to the interchanges, final landscaping, legal and staff time devoted to inverse condemnations, and construction warranty inspections and administration), all costs and expenses incurred in connection with the TriEx project have been paid. The acquisition, construction and equipping of the Initial Project, as defined in the Revenue Trust Agreement and the BABs Trust Agreement, have been completed

substantially in accordance with the plans and specifications therefor and the cost of the same has been paid and all other facilities necessary in connection therewith have been acquired, constructed and installed in accordance with the plans and specifications therefor.

11. The Trustee is instructed to retain the above identified unexpended amounts in the Project Fund for the designated uses, subject to the right of the NCTA to specify other uses if it complies with the requirements of the last paragraph of Sections 407 of the Revenue Trust Agreement and the BABs Trust Agreement.

12. This certificate is given without prejudice to any rights against third parties that exist at the date of such certificate or that may subsequently come into being.

WITNESS our hands this ___ day of September, 2014.

Clayton Somers
Executive Director

Donna Keener
Project Controls Engineer