



North Carolina Turnpike Authority

*Board of Directors
Finance Committee Meeting*

October 26, 2016



Today's Agenda

- Monroe Expressway
 - Plan of Finance Update
 - Draft Financing and Bond Documents
 - Action Item: Resolution and Bond Order



Monroe Expressway – Plan of Finance Update

David Miller

Public Financial Management



2016 Plan of Financing

- The project cost estimate is \$731 million
 - \$440 million funding available from State Appropriation Revenue Bonds, Series 2010A and Series 2011 and Senior Lien Turnpike Revenue Bonds, Series 2011
 - Proceeds from the GARVEE Bonds, Series 2011 were directed to other Federal aid eligible projects
 - \$291 million additional funding needed
- NCTA intends to issue approximately \$148.5 million senior lien toll revenue bonds in November 2016
 - \$114 million of proceeds for construction plus funds capitalized interest and a DSRF
 - Refunds Toll Revenue Bonds, Series 2011 (Bank of America \$10 million loan)
- Approximately \$22 million of NCDOT STIP funding (subject to TIFIA)
- \$166.5 million TIFIA direct loan will complete the funding package



*Proposed Schedule**

Month	Event
September	<ul style="list-style-type: none"> • NCTA Finance Committee Meeting (Sept 8) • Draft Financing Documents
October	<ul style="list-style-type: none"> • NCTA Finance Committee Meeting (Oct 6) • TIFIA Credit Council Work Group Meetings • NCTA Finance Committee Meeting to Recommend Approval of Financing and Bond Documents to Full Board (Oct 26) • Submit TIFIA Application • Solicit Final Credit Ratings & Credit Enhancement
November	<ul style="list-style-type: none"> • NCTA Board Meeting to Approve Financing and Bond Documents (Nov 3) • TIFIA Credit Council Approval (Nov 9 or 16) • LGC Approves Financing and Bond Documents (TBD) • Receive Final Credit Ratings & Credit Enhancement • POS Proof and Posting • Investor Roadshow and Site Visit
December	<ul style="list-style-type: none"> • Pre-pricing activities • Bond Pricing • TIFIA Loan Closing • Bond Closing

*Preliminary and subject to change



Preliminary Funding Sources and Uses

Sources							
	Series 2010 Approp Bonds	Series 2011 Toll Rev. Bonds	Series 2011 Approp Bonds	State Highway Trust Fund	Series 2016 Toll Rev. Bonds	TIFIA Loan	Total
Par Amounts							
CIB	233,920,000	10,000,000	214,505,000		111,350,000	166,500,000	736,275,000
CCAB					26,960,531		26,960,531
+Premium/-Discount			18,693,018		10,222,955		28,915,973
Total Bond Proceeds	233,920,000	10,000,000	233,198,018		148,533,487	166,500,000	792,151,505
State Highway Trust Fund ¹				22,000,000			22,000,000
Total Sources	233,920,000	10,000,000	233,198,018	22,000,000	148,533,487	166,500,000	814,151,505

Uses							
	Series 2010 Approp Bonds	Series 2011 Toll Rev. Bonds	Series 2011 Approp Bonds	State Highway Trust Fund	Series 2016 Toll Rev. Bonds	TIFIA Loan	Total
Construction Cost							
Construction Fund Deposit	198,793,929	9,819,500	231,735,079	10,205,136	113,816,858	166,500,000	730,870,501
Capitalized Interest Fund - Series 2010 Approp Bonds	29,081,083						29,081,083
DSRF - Series 2010 Approp Bonds	4,303,953						4,303,953
Capitalized Interest Fund - Series 2016 TR Bonds					15,310,625		15,310,625
DSRF - Series 2016 TR Bonds					11,880,983		11,880,983
DSRF - TIFIA Loan ¹				11,472,425			11,472,425
Fuel Hedge Cap Premium ¹				322,439			322,439
2011 Redemption/Prepayment Penalty ²					6,415,800		6,415,800
Underwriter's Discount					760,708		760,708
Cost of Issuance	1,741,036	180,500	1,462,939		345,776		3,730,252
Additional Proceeds/(Funding Gap)					2,737		2,737
Total Uses	233,920,000	10,000,000	233,198,018	22,000,000	148,533,487	166,500,000	814,151,505

1. For tax purposes, cash is being used to fund the TIFIA reserve and the cost of the Fuel Price Hedge.

2. Redemption of outstanding par plus 2.0% prepayment penalty.



Projected Debt Service Coverage Ratios*

Fiscal Year (6/30)	Series 2016 (Senior Lien)			TIFIA Loan Debt Service	Pledged Revenues (Excl. Interest Earnings)	Series 2016 Bonds Coverage	TIFIA Coverage	All-in Coverage
	Total Gross DS	Capitalized Interest	Net DS					
2017	4,175,625	(4,175,625)			696,223			
2018	5,567,500	(5,567,500)			697,223			
2019	5,567,500	(5,567,500)			8,212,473			
2020	5,567,500		5,567,500		18,747,123	3.37x	3.37x	1.06x
2021	5,567,500		5,567,500	2,724,316	24,355,123	4.37x	2.94x	1.10x
2022	5,567,500		5,567,500	2,933,538	28,347,350	5.09x	3.33x	1.05x
2023	5,567,500		5,567,500	3,083,827	30,474,001	5.47x	3.52x	1.10x
2024	5,567,500		5,567,500	3,227,513	31,292,000	5.62x	3.56x	1.12x
2025	5,567,500		5,567,500	3,336,509	32,750,000	5.88x	3.68x	1.15x
2026	5,567,500		5,567,500	6,876,819	33,856,000	6.08x	2.72x	1.06x
2027	5,567,500		5,567,500	7,099,542	34,890,000	6.27x	2.75x	1.09x
2028	7,638,000		7,638,000	7,319,703	36,020,000	4.72x	2.41x	1.04x
2029	7,874,500		7,874,500	7,493,742	37,137,000	4.72x	2.42x	1.06x
2030	8,069,000		8,069,000	7,666,796	38,020,000	4.71x	2.42x	1.07x
2031	8,258,000		8,258,000	7,886,562	38,898,000	4.71x	2.41x	1.08x
2032	8,501,250		8,501,250	8,112,045	40,013,000	4.71x	2.41x	1.06x
2033	8,750,500		8,750,500	8,350,142	41,157,000	4.70x	2.41x	1.08x
2034	9,014,750		9,014,750	8,602,430	42,365,000	4.70x	2.40x	1.10x
2035	9,292,500		9,292,500	8,851,761	43,645,000	4.70x	2.41x	1.11x
2036	9,572,250		9,572,250	9,111,539	44,910,000	4.69x	2.40x	1.13x
2037	9,863,000		9,863,000	9,402,853	46,228,000	4.69x	2.40x	1.14x
2038	10,188,250		10,188,250	9,668,543	47,706,000	4.68x	2.40x	1.16x
2039	10,485,250		10,485,250	9,953,747	49,054,000	4.68x	2.40x	1.18x
2040	10,804,250		10,804,250	10,250,974	50,501,000	4.67x	2.40x	1.19x
2041	11,143,000		11,143,000	10,519,818	52,009,000	4.67x	2.40x	1.21x
2042	11,449,250		11,449,250	10,810,738	53,373,000	4.66x	2.40x	1.22x
2043	11,778,250		11,778,250	11,117,426	54,849,000	4.66x	2.40x	1.24x
2044	12,112,500		12,112,500	11,437,516	56,405,000	4.66x	2.40x	1.28x
2045	12,465,250		12,465,250	11,751,102	58,029,000	4.66x	2.40x	1.30x
2046	12,804,000		12,804,000	12,050,694	59,620,000	4.66x	2.40x	1.31x
2047	13,132,750		13,132,750	12,360,929	61,140,000	4.66x	2.40x	1.33x
2048	13,470,250		13,470,250	12,684,962	62,714,000	4.66x	2.40x	1.34x
2049	13,824,250		13,824,250	13,002,096	64,358,000	4.66x	2.40x	1.35x
2050	14,167,000		14,167,000	13,322,975	65,967,000	4.66x	2.40x	1.22x
2051	14,167,000		14,167,000	13,672,433	67,595,000	4.77x	2.43x	1.24x
2052	14,169,250		14,169,250	14,023,665	69,368,000	4.90x	2.46x	1.27x
2053	14,167,250		14,167,250	14,164,780	71,150,000	5.02x	2.51x	1.30x
2054	14,169,750		14,169,750		72,995,000	5.15x	5.15x	1.80x
Total	361,181,875	(15,310,625)	345,871,250	302,872,031	1,641,190,474			
					Minimum Coverage:	3.37x	2.40x	1.04x
					Average Coverage:	4.85x	2.60x	1.19x

*Per TIFIA's request, we are no longer including projected earnings in coverage calculations



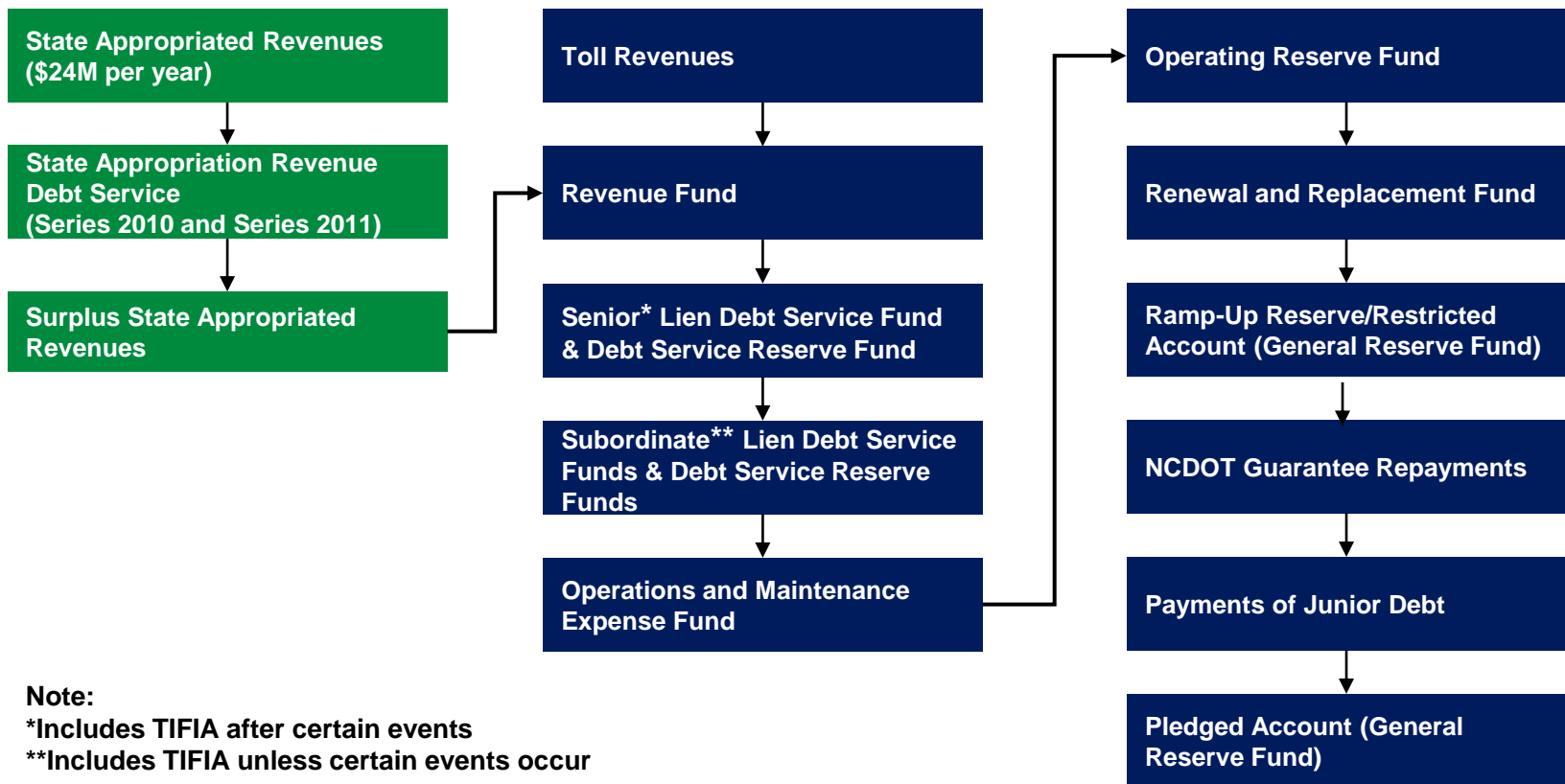
TIFIA Loan Repayment Schedule

TIFIA Loan Repayment Calculation								
Period	Loan	Beginning	Interest		Interest	Principal	Current Year	Ending
Ending	Draw Amt	Balance	Due	Payment	Payments	Payments	Unpaid	Balance
(7/1)							Interest	
2017	80,566,490							80,566,490
2018	75,288,089	80,566,490	2,279,821				2,279,821	158,134,400
2019	10,645,421	158,134,400	4,474,791				4,474,791	173,254,612
2020		173,254,612	4,902,654				4,902,654	178,157,266
2021		178,157,266	5,022,404	(2,724,316)	(2,724,316)		2,298,088	180,455,355
2022		180,455,355	5,085,977	(2,933,538)	(2,933,538)		2,152,439	182,607,794
2023		182,607,794	5,145,838	(3,083,827)	(3,083,827)		2,062,011	184,669,805
2024		184,669,805	5,203,125	(3,227,513)	(3,227,513)		1,975,613	186,645,418
2025		186,645,418	5,258,332	(3,336,509)	(3,336,509)		1,921,823	188,567,241
2026		188,567,241	5,288,048	(6,876,819)	(5,288,048)	(1,588,771)		186,978,470
2027		186,978,470	5,241,538	(7,099,542)	(5,241,538)	(1,858,004)		185,120,466
2028		185,120,466	5,187,287	(7,319,703)	(5,187,287)	(2,132,415)		182,988,050
2029		182,988,050	5,125,873	(7,493,742)	(5,125,873)	(2,367,869)		180,620,182
2030		180,620,182	5,057,663	(7,666,796)	(5,057,663)	(2,609,133)		178,011,049
2031		178,011,049	4,982,300	(7,886,562)	(4,982,300)	(2,904,262)		175,106,787
2032		175,106,787	4,898,390	(8,112,045)	(4,898,390)	(3,213,654)		171,893,133
2033		171,893,133	4,805,949	(8,350,142)	(4,805,949)	(3,544,192)		168,348,940
2034		168,348,940	4,703,900	(8,602,430)	(4,703,900)	(3,898,529)		164,450,411
2035		164,450,411	4,591,845	(8,851,761)	(4,591,845)	(4,259,916)		160,190,495
2036		160,190,495	4,469,315	(9,111,539)	(4,469,315)	(4,642,224)		155,548,271
2037		155,548,271	4,336,098	(9,402,853)	(4,336,098)	(5,066,755)		150,481,516
2038		150,481,516	4,190,871	(9,668,543)	(4,190,871)	(5,477,673)		145,003,844
2039		145,003,844	4,033,880	(9,953,747)	(4,033,880)	(5,919,867)		139,083,976
2040		139,083,976	3,864,095	(10,250,974)	(3,864,095)	(6,386,879)		132,697,097
2041		132,697,097	3,681,687	(10,519,818)	(3,681,687)	(6,838,131)		125,858,966
2042		125,858,966	3,486,159	(10,810,738)	(3,486,159)	(7,324,579)		118,534,387
2043		118,534,387	3,276,756	(11,117,426)	(3,276,756)	(7,840,670)		110,693,717
2044		110,693,717	3,052,435	(11,437,516)	(3,052,435)	(8,385,081)		102,308,636
2045		102,308,636	2,813,194	(11,751,102)	(2,813,194)	(8,937,908)		93,370,728
2046		93,370,728	2,558,188	(12,050,694)	(2,558,188)	(9,492,506)		83,878,222
2047		83,878,222	2,287,413	(12,360,929)	(2,287,413)	(10,073,517)		73,804,705
2048		73,804,705	1,999,856	(12,684,962)	(1,999,856)	(10,685,106)		63,119,600
2049		63,119,600	1,695,531	(13,002,096)	(1,695,531)	(11,306,565)		51,813,035
2050		51,813,035	1,373,349	(13,322,975)	(1,373,349)	(11,949,626)		39,863,409
2051		39,863,409	1,032,771	(13,672,433)	(1,032,771)	(12,639,662)		27,223,748
2052		27,223,748	672,383	(14,023,665)	(672,383)	(13,351,282)		13,872,466
2053		13,872,466	292,314	(14,164,780)	(292,314)	(13,872,466)		
2054								
Total	166,500,000		136,372,031	(302,872,031)	(114,304,791)	(188,567,241)	22,067,241	

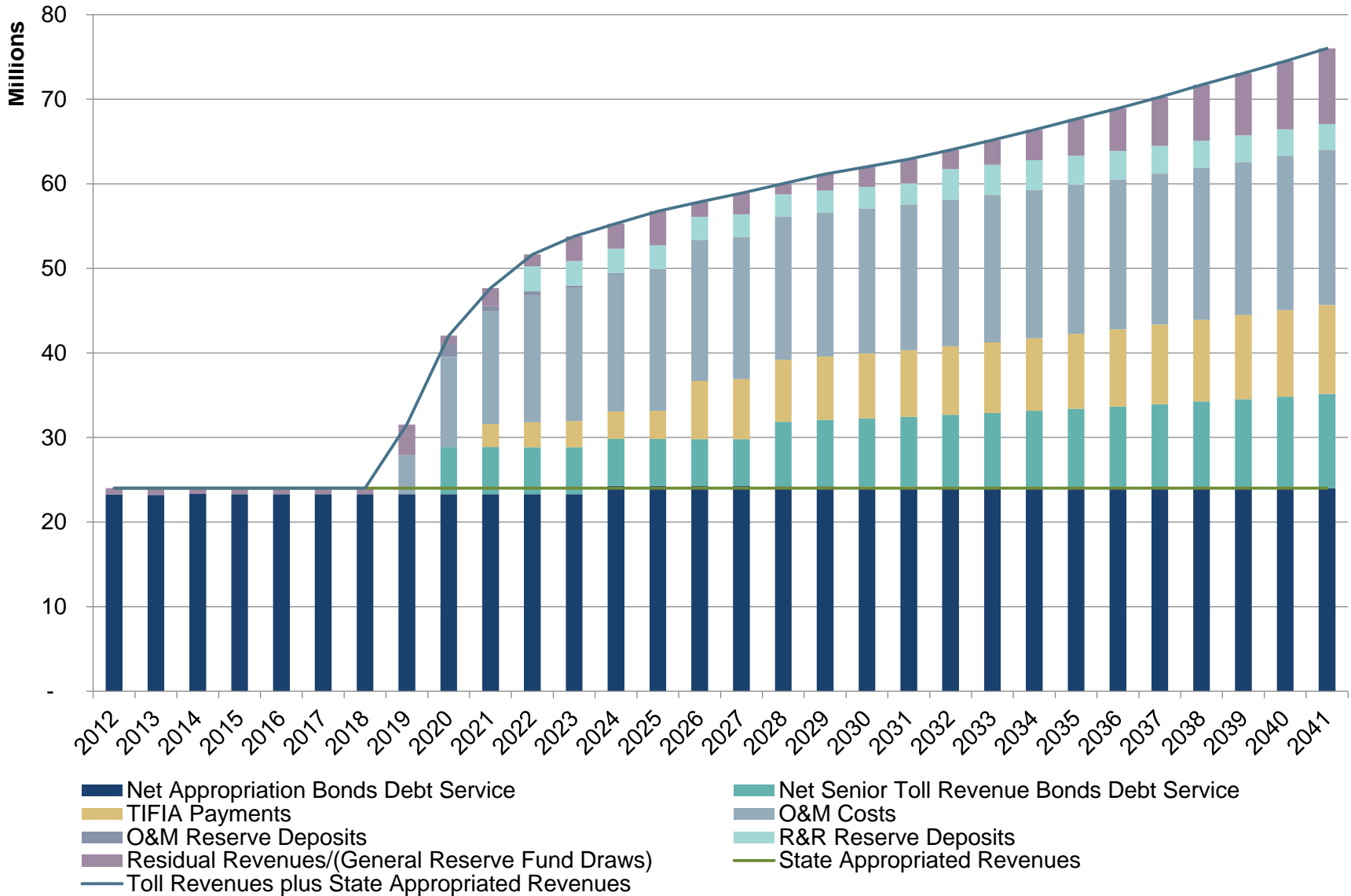


Flow of Funds

- NCTA will have a bifurcated flow of funds consisting of state appropriation revenue bonds and toll revenue bonds with TIFIA secured under the toll revenue bond lien



Project Total Cash Flows



Monroe Expressway – Draft Financing and Bond Documents

Wally McBride

Hunton & Williams

Mary Nash Rusher

McGuireWoods



Monroe Expressway – Revenue Bond Trust Agreement

Main Purposes and Concepts:

- Continuation of lien on toll and other revenues from 2011 as security for various debt
- Sets forth the terms for the 2016 Revenue Bonds
- Creates Project Fund to hold proceeds until requisitioned to pay costs
- Creates a Revenue Fund to collect all revenues and a “waterfall” of funds and priorities for the use of such revenues
- Includes covenants for NCTA as to operations, financial goals, etc.
- Has provisions on what happens if there are less revenues than expected
- Contains miscellaneous provisions for supplements, defeasance, notices, etc.
- Contains TIFIA loan references



Monroe Expressway – Preliminary Official Statement

Main Purposes and Concepts:

- Describes key terms of Bonds
- Describes the Monroe Expressway (Location, Design, Construction, Operation, Tolling, including status of construction, selection of RTCS and ETC contractors, description of Design-Build team)
- Includes Plan of Finance – describes financing sources (State Appropriation Bonds, Series 2016A Bonds, STIP funds) and uses
- Describes Revenues and flow of Revenues into Funds
- Describes Revenue Pledge and Rate Covenants
- Describes NCDOT Commitments on costs of construction, operation and maintenance guaranties
- Includes Traffic and Revenue Report and GEC’s Engineering Report attached in full
- Includes detailed list of risk factors
- Describes Authority’s continuing disclosure undertaking



Monroe Expressway – Bond Purchase Agreement

- Executed after the Bonds are priced
- Commits the Underwriters to purchasing the Bonds
- Sets forth final terms of Bonds, including maturities, sinking fund redemptions, interest rates, yield
- Sets forth the conditions to closing, including
 - execution of TIFIA Loan
 - receipt of ratings
 - consent of Design-Build Contractor, HNTB Corporation (GEC Report), CDM Smith (Traffic and Revenue Report) to inclusion of their information in the POS and OS
 - Opinions of bond counsel, attorney general for NCDOT, underwriters' counsel, trustee's counsel



Monroe Expressway – TIFIA Loan Agreement

Main Purposes and Concepts:

- Sets forth the terms for the TIFIA Loan, including covenants and conditions
- Allows a broader use of loan proceeds than permitted by the tax rules for 2016 Revenue Bonds, such as for older expenditures
- Has a lower interest rate, tied to Federal rate at closing
- Contains stronger covenants than in Trust Agreement (ex. revenue coverage ratios, required consents for additional debt, limitations on use of “excess revenues” in future, required insurance, etc.) which apply so long as TIFIA Loan is outstanding
- By cross-references in the Trust Agreement, many of the provisions therein are tied to the TIFIA Loan Agreement, such as in what events the lien on revenues securing the TIFIA Loan becomes a senior lien in parity with the 2016 Revenue Bonds



Monroe Expressway – Resolution and Bond Order

David Roy

Director of Finance



Monroe Expressway – Resolution

- Adopts Bond Order – Subject to Local Government Commission (LGC) approval
- Approves issuance of Series 2016 Bonds and TIFIA Bond
- Approves execution and delivery by the Chairman or other officers or employees of the Authority of the Trust Agreement, TIFIA Loan Agreement, and Bond Purchase Agreement
- Approves the sale of the Series 2016 Bonds to Underwriters
- Approves use of the Preliminary Official Statement and Final Official Statement by the Underwriters for the marketing of the Series 2016 Bonds
- Approves transfer from the General Reserve fund of \$25M to the Ramp-Up Reserve Account (or a comparable account)
- Approves the refunding of the Series 2011 Bonds
- Authorizes removing GARVEE bonds from the Project
- Covenants that the “Bond Documents” shall be substantially in the forms presented hereto which are hereby approved



Monroe Expressway – Resolution (Continued)

- Imposes the following limits:
 - Final maturity date of Series 2016 Bonds: 7/1/2054
 - Final maturity date of TIFIA Bond: 7/1/2053
 - Maximum aggregate principal amounts:
 - Series 2016 Bonds: \$165,000,000
 - TIFIA Bond: \$166,500,000
 - Maximum interest payment rates:
 - Series 2016 Bonds: 6.0%
 - TIFIA Bond: 4.5%
 - Maximum interest accretion rate for any CCABs or CABs: 6.5%
 - Maximum percentage of aggregate discount to Underwriters: 0.55%



Monroe Expressway – Resolution (Continued)

- Authorizes and directs the Chairman and other officers and employees of the Authority to take such actions deemed necessary and appropriate to accomplish the issuance of the Series 2016 Bonds and the TIFIA Bond
- Reaffirms and ratifies all prior resolutions and actions taken in connection with the issuance of the Series 2016 Bonds and the TIFIA Bond and the financing of the Project
- Reaffirms the Toll Rate Policy Resolution as adopted by the Board on September 17, 2008
- Requests the LGC to approve the issuance of the Series 2016 Bonds and the TIFIA Bonds and any other action requiring its approval in connection therewith

