

**BOND ORDER OF THE NORTH CAROLINA TURNPIKE AUTHORITY
AUTHORIZING THE ISSUANCE OF TRIANGLE EXPRESSWAY SYSTEM
SENIOR LIEN TURNPIKE REVENUE REFUNDING BONDS, SERIES 2017**

WHEREAS, the North Carolina Turnpike Authority (the “Authority”) is duly organized and existing under the laws of the State of North Carolina (the “State”) within the State Department of Transportation, and is authorized under Article 6H (Public Toll Roads and Bridges) of Chapter 136, as amended (the “Act”), of the North Carolina General Statutes (the “NCGS”) and The State and Local Government Revenue Bond Act, Article 5 of Chapter 159, as amended, of the NCGS (the “Revenue Bond Act”), to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping “turnpike projects,” as defined in the Act;

WHEREAS, the Secretary of Transportation, pursuant to Section 143B-10 and 143B-348 of the NCGS, has delegated to the Board of the Authority certain powers including the power to fix, revise, charge, and collect tolls and fees for the use of turnpike projects and the power to issue bonds or notes of the Authority to finance such projects;

WHEREAS, the Authority, pursuant to a Trust Agreement, dated as of June 1, 2009, between the Authority and Wells Fargo Bank, N.A., as Trustee, as supplemented by a First Supplemental Trust Agreement between the Authority and the Trustee dated as of July 1, 2009 (the “Original Trust Agreement”), in order to provide funds to finance, together with other available funds, the cost of acquisition, construction, installation and equipping of Triangle Expressway System, and financing related reserves and other costs, issued its Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2009A (the “Series 2009A Bonds”);

WHEREAS, the Authority, pursuant to the Original Trust Agreement and a Second Supplemental Trust Agreement dated as of April 1, 2017 (the “Second Supplemental Trust Agreement” and, together with the Original Trust Agreement, the “Trust Agreement”), desires to issue its Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2017 (the “Series 2017 Bonds”) to provide funds, together with other available funds, to (a) refund certain Series 2009A Bonds, (b) if deemed cost effective by the officers of the Authority charged with the responsibility for executing the Series 2017 Bonds, pay all or a portion of the premium for a Bond Insurance Policy and/or a surety bond for the debt service reserve fund with respect to the Series 2017 Bonds, and (c) pay costs incurred in connection with the issuance of the Series 2017 Bonds; and

WHEREAS, the North Carolina Local Government Commission (the “LGC”) has been requested to approve the issuance of, and provide for the sale of, the Series 2017 Bonds in accordance with the Revenue Bond Act;

NOW, THEREFORE, BE IT ORDERED by the Board of the Authority as follows:

1. Subject to the approval of the issuance of the Series 2017 Bonds by the LGC, North Carolina Turnpike Authority Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2017 secured by toll and other revenues shall be issued to provide funds, together with other available funds, to (a) refund certain Series 2009A Bonds, (b) if deemed cost effective by the officers of the Authority charged with the responsibility for executing the Series 2017 Bonds, pay all or a portion of the premium for a Bond Insurance Policy and/or a surety bond for the debt service reserve fund with respect to the Series 2017 Bonds, and (c) pay costs incurred in connection with the issuance of the Series 2017 Bonds pursuant to the Second Supplemental Trust Agreement which shall be in substantially the form attached hereto as Exhibit A with only such changes therein as approved by officers or staff of the Authority through their execution thereof.
2. The Series 2017 Bonds shall be secured by and payable from toll and other revenues related to the Triangle Expressway System and will have an initial principal amount not in excess of \$260,000,000.
3. The interest rates, maturities, redemption provisions and other terms of the Series 2017 Bonds shall be as set forth in the Trust Agreement with the final provisions thereof as approved by the officers of the Authority through their execution of the Second Supplemental Trust Agreement.
4. All other actions of the officers and staff of the Authority in connection with the issuance of North Carolina Turnpike Authority Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2017 secured by toll and other revenues of the Triangle Expressway System are hereby authorized.

Adopted March 3, 2017

**RESOLUTION APPROVING ISSUANCE OF TRIANGLE EXPRESSWAY SYSTEM
SENIOR LIEN TURNPIKE REVENUE REFUNDING BONDS, SERIES 2017**

WHEREAS, the North Carolina Turnpike Authority (the “*Authority*”) is duly organized and existing under the laws of the State of North Carolina (the “*State*”) within the State Department of Transportation, and is authorized under Article 6H (Public Toll Roads and Bridges) of Chapter 136, as amended (the “*Act*”), of the North Carolina General Statutes (the “*NCGS*”) and The State and Local Government Revenue Bond Act, Article 5 of Chapter 159, as amended, of the NCGS (the “*Revenue Bond Act*”), to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping “turnpike projects,” as defined in the Act;

WHEREAS, the Secretary of Transportation of the State (the “*Secretary*”), pursuant to Section 143B-10 and 143B-348 of the NCGS, has delegated to the Board of the Authority certain powers including the power to fix, revise, charge, and collect tolls and fees for the use of turnpike projects and the power to issue bonds or notes of the Authority to finance such projects;

WHEREAS, pursuant to the Act and the Revenue Bond Act, the Authority and Wells Fargo Bank, N.A., as Trustee (the “*Trustee*”), have heretofore entered into the Trust Agreement, dated as of June 1, 2009, as supplemented by a First Supplemental Trust Agreement between the Authority and the Trustee dated as of July 1, 2009 (the “*Original Trust Agreement*”), providing for, among other things, the issuance by the Authority its Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2009A (the “*Series 2009A Bonds*”) and its Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2009B (the “*Series 2009B Bonds*”) and, with the Series 2009A Bonds, the “*Series 2009 Bonds*”) to provide funds, together with other available funds, to (a) pay costs of land acquisition, design, construction and equipping of the Triangle Expressway System, (b) provide funds to pay certain interest on certain Series 2009 Bonds, (c) pay the premium for a bond insurance policy for the Series 2009 Bonds, (d) fund a reserve fund for the Series 2009 Bonds, and (e) pay the costs incurred in connection with the issuance of the Series 2009 Bonds;

WHEREAS, based in part on information provided by PFM Financial Advisors, LLC, as financial advisor to the Authority, there is the possibility of obtaining significant savings in the debt service to be paid with respect to the Series 2009A Bonds by refunding certain of such bonds;

WHEREAS, the Authority has determined to issue not to exceed \$260,000,000 in initial aggregate principal amount of its Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2017 (the “*Series 2017 Bonds*”) pursuant to the Original Trust Agreement and a Second Supplemental Trust Agreement between the Authority and the Trustee dated as of April 1, 2017 (the “*Second Supplemental Trust Agreement*”) and, together with the Original Trust Agreement, the “*Trust Agreement*”), and a Bond Order to be adopted by the Authority (the “*Bond Order*”), to provide funds, together with other available funds, to (a) refund certain Series 2009A Bonds, (b) pay costs incurred in connection with the issuance of the Series 2017 Bonds, and (c) if determined to be cost effective and suitable for the needs of the Authority, pay for a surety bond in lieu for funding a reserve for the Series 2017 Bonds which surety may also replace the current reserve for all or part of the Series 2009 Bonds and/or paying

the cost of a bond insurance policy to insure payment of the principal and interest on the Series 2017 Bonds;

WHEREAS, the Series 2017 Bonds will be secured by and payable from toll and other receipts of the Triangle Expressway System (“*Receipts*”) or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State or any political subdivision or agency thereof, including the Authority, will be pledged to the payment of the principal of and interest on the Series 2017 Bonds;

WHEREAS, in addition to the Series 2009A Bonds not being refunded, after the issuance of the Series 2017 Bonds there will be outstanding the Authority’s Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2009B and a borrowing from the United States Department of Transportation under the Transportation Infrastructure Finance and Innovation Act of 1998, as amended (in the aggregate, the “*Other Outstanding Revenue Debt*”), which are either also secured by a pledge of Receipts in parity with the Series 2017 Bonds or may, in certain events, be so secured; and the Trust Agreement provides for the issuance or incurrence from time to time, under the conditions, limitations and restrictions therein set forth, of additional bonds and parity debt secured by a pledge of Receipts in parity with the Series 2017 Bonds and the Other Outstanding Revenue Debt;

WHEREAS, it is proposed that the Series 2017 Bonds will be sold through a negotiated sale to a group of underwriters managed by Bank of America Merrill Lynch, as senior manager, and Citigroup Global Markets, J.P. Morgan Securities, and Wells Fargo Securities, as co-managers (the “*Underwriters*”), pursuant to a Bond Purchase Agreement among the North Carolina Local Government Commission (the “*LGC*”), the Authority and the Underwriters (the “*Bond Purchase Agreement*”);

WHEREAS, it is possible that the Underwriters will recommend, and the Authority’s financial advisor will concur, that obtaining bond insurance for all or a part of the Series 2017 Bonds and/or obtaining a surety bond in lieu of the funded debt service reserve fund (with the amounts now therein used to refund Series 2009A Bonds and thus decrease the principal amount of the Series 2017 Bonds) will be cost effective and the Authority should be prepared for either or both possibilities;

WHEREAS, the refunding will require the Authority to enter into an Escrow Agreement dated as of April 1, 2017 (the “*Escrow Agreement*”), with Wells Fargo Bank, N.A., as Escrow Agent, to provide the deposit and investment of proceeds of the Series 2017 Bonds and certain other amounts to be held and invested in U. S. Treasury securities to be used to pay principal and interest on the refunded Series 2009A Bonds through their redemption on January 1, 2019;

WHEREAS, a Preliminary Official Statement (the “*Preliminary Official Statement*”), relating to the Series 2017 Bonds and an Official Statement with respect to the Series 2017 Bonds, containing pricing and other information (the “*Final Official Statement*”), will be used and distributed by the Underwriters in connection with the offering and sale of the Series 2017 Bonds;

WHEREAS, the Revenue Bond Act requires that revenue bonds thereunder, including the Series 2017 Bonds, be approved by the LGC;

WHEREAS, application has been made to the LGC for approval of the issuance of the Series 2017 Bonds and findings of the Board with respect thereto and a list of consultants and other parties involved in the issuance of the Series 2017 Bonds are required to be forwarded to the LGC for its consideration, all in accordance with the Revenue Bond Act;

WHEREAS, the forms of the following documents have been presented to the Board:

- (a) A draft of the Bond Order of the Authority with respect to the Series 2017 Bonds required pursuant to the Revenue Bond Act;
- (b) A draft of the Second Supplemental Trust Agreement;
- (c) A draft of the Escrow Agreement;
- (d) A draft of the Preliminary Official Statement, including updated traffic and revenue information with respect to the Triangle Expressway System; and
- (e) A draft of the Bond Purchase Agreement; and

WHEREAS, the Finance Committee of the Authority has reviewed the information and materials presented with respect to issuance of the Series 2017 Bonds and recommended to the Board the adoption of this resolution;

NOW THEREFORE, THE BOARD OF THE NORTH CAROLINA TURNPIKE AUTHORITY HEREBY RESOLVES:

1. In connection with the application to the LGC, the Board of the Authority hereby makes the following findings:

- (a) The refunding of the Series 2009A Bonds for the reduction of debt service with respect to financings for the Triangle Expressway System and therefore for the overall betterment of the Triangle Expressway System (together, the "*Project*") is both necessary and expedient.
- (b) The Project is feasible.
- (c) The amount of debt to be incurred in connection with the Project and the fees to be paid in connection therewith are sufficient but not excessive for the purpose intended.
- (d) The Authority has not defaulted on any debt obligation.
- (e) The Authority follows the debt management guidelines of the LGC.

(f) The anticipated toll revenues, based on both traffic and revenue studies and the actual history of the Triangle Expressway System, will be sufficient to service the proposed Series 2017 Bonds payable therefrom.

(g) The proposed Series 2017 Bonds may be issued at reasonable rates of interest.

2. The Authority hereby designates, and requests the LGC approve, to the extent necessary, the following parties working in the following capacities in connection with the Series 2017 Bonds:

Underwriters:

Senior Manager	Bank of America Merrill Lynch
Co-Managers	Citigroup Global Markets, J.P. Morgan Securities and Wells Fargo Securities
Financial Advisor	PFM Financial Advisors, LLC
Professional Engineers	HNTB
Traffic and Revenue Consultants	CDM Smith
Trustee and Escrow Agent	Wells Fargo Bank, N.A.
Underwriters' Counsel	McGuireWoods LLP
Bond Counsel	Hunton & Williams LLP
Authority Counsel	Ebony Pittman, Esq, of Attorney General's Office

3. The Board hereby adopts the Bond Order and

(a) approves issuance of the Series 2017 Bonds to (1) refund certain Series 2009A Bonds, (2) pay costs incurred in connection with the issuance of the Series 2017 Bonds, and (3) if determined to be cost effective and suitable for the needs of the Authority, pay for a surety bond in lieu for funding a reserve for the Series 2017 Bonds which surety may also replace the current reserve for all or part of the Series 2009 Bonds and/or paying the premium for a bond insurance policy for the Series 2017 Bonds;

(b) approves execution and delivery of the Second Supplemental Trust Agreement;

(c) approves the sale of the Series 2017 Bonds to the Underwriters,

(d) approves execution and delivery by the Chairman or other officers or employees of the Authority of the Bond Purchase Agreement;

(e) approves execution and delivery by the Chairman or other officers or employees of the Authority of the Escrow Agreement;

(f) approves use of the Preliminary Official Statement and the Final Official Statement by the Underwriters for the marketing of the Series 2017 Bonds;

(g) approves the refunding of the Series 2009A Bonds specified in the Escrow Agreement and directs the Trustee to call such Series 2009A Bonds now outstanding to be redeemed on their earliest date for optional redemption – January 1, 2019; and

(h) approves all other actions necessary for the issuance of the Series 2017 Bonds and the continued financing of the Triangle Expressway System; provided the specific terms and conditions for such actions and the documentation thereof must be within the limits stated in paragraph 5 hereof and as otherwise approved by the Chairman or other officers or employees of the Authority as hereinafter provided.

4. The Second Supplemental Trust Agreement, the Escrow Agreement, the Preliminary Official Statement, the Final Official Statement and the Bond Purchase Agreement (together the “Bond Documents”) shall be substantially in the forms presented hereto which are hereby approved and the Chairman and other officers and employees of the Authority are each hereby authorized and directed to execute and deliver such Bond Documents, together with such changes, modifications and deletions, including provisions reflecting obtaining bond insurance for all or a portion of the Series 2017 Bonds and obtaining a surety bond, as they may, with the advice of counsel, deem necessary and appropriate; such execution and delivery to be conclusive evidence of the authorization and approval of such documents by the Authority. The Series 2017 Bonds shall be issued as current interest bonds in substantially the form set forth in the Second Supplemental Trust Agreement with the determination of maturities, terms and other matters as may be made by the Chairman and other officers and employees of the Authority authorized to execute and deliver them; provided the specific terms must be within the limits stated in paragraph 5 hereof.

5. Notwithstanding anything herein to the contrary, the following limits are imposed on the issuance of the Series 2017 Bonds and related matters and the authorizations and directions herein provided are conditioned upon the terms of such factors being within these limits:

- (a) Final maturity date of Series 2017 Bonds - 1/1/2039
- (b) Maximum aggregate principal amount of Series 2017 Bonds - \$260,000,000
- (c) Maximum interest rate for Series 2017 Bonds - 6.0 %
- (d) Maximum percentage of aggregate discount to Underwriters - 0.55%
- (e) Minimum net present value savings - 5.0%

6. The Chairman and other officers and employees of the Authority are authorized and directed to take such action and to execute and deliver any documents, certificates, letters of credit, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the documents described in this resolution and to accomplish the issuance of the Series 2017 Bonds under the Act and the Revenue Bond Act.

7. The Board hereby reaffirms and ratifies all prior resolutions and actions taken in connection with the issuance of the Series 2017 Bonds and the financing of the Triangle Expressway System.

8. The Board hereby confirms that, pursuant its Toll Rate Policy adopted on September 17, 2008, and resolutions adopted with respect to the Triangle Expressway System on December 20, 2012, June 20, 2013, and August 4, 2016, the Schedules of Toll Rate Adjustments provided by CDM Smith in its letters dated June 5, 2013, and March 31, 2016, are currently being used for percentage rate increases for the Triangle Expressway System.

9. The Authority hereby designates and establishes the Authority's tax covenants in the Trust Agreement and the certifications and covenants in the Non-Arbitrage and Tax Certificate delivered upon issuance of the Series 2017 Bonds as its written procedures to (a) ensure that all nonqualified bonds, if any, of the Series 2017 Bonds are remediated according to the requirements under the Internal Revenue Code of 1986, as amended (the "*Code*"), and the applicable Treasury Regulations and (b) monitor the requirements of Sections 103 to 150 of the Code with respect to the Series 2017 Bonds. The Authority's Director of Finance and Budget is hereby designated as the officer charged to undertake or supervise compliance checks under such written procedures, as they may be supplemented from time to time.

10. The Director of Finance and Budget is hereby designated as the officer charged to undertake or supervise regular review for compliance with the continuing disclosure requirements agreed to by the Authority under the Trust Agreement with respect to the Series 2017 Bonds, as they may be supplemented from time to time.

11. The Board hereby requests the LGC to approve the issuance of the Series 2017 Bonds and any other action requiring its approval in connection therewith.

12. This resolution shall take effect immediately upon its passage.

Adopted March 3, 2017.