



MEETING MINUTES

North Carolina Turnpike Authority
Board of Directors – Finance Committee

Date: October 17, 2018

Location: NCTA Main Conference Room,

Time: 10:30AM

1 S. Wilmington Street, Raleigh, NC

Attendance

Members Present

Perry Safran

Members Present Via Phone

Robert Teer, Jim Walker, Scott Aman

Members Absent

None

Agenda Topics

Welcome, Introductions, Call to Order and Declaration of Quorum – Robert Teer, *Chair*

Discussion Summary

Chairman Teer called the October 17, 2018 North Carolina Turnpike Authority Finance Committee meeting to order and welcomed those in attendance. Chairman Teer called roll and declared a quorum of four members.

Actions Taken

Information only/no action required.

Approval of September 19, 2018 Meeting Minutes – Robert Teer, *Chair*

Discussion Summary

Chairman Teer noted everyone received a copy of the meeting minutes prior to the meeting and announced he would accept a motion to approve the September 19, 2018 meeting minutes as written.

Actions Taken

The September 19, 2018 Finance Committee meeting minutes were approved unanimously upon a motion by Mr. Perry Safran seconded by Mr. Scott Aman.

Opening Comments – Beau Memory, NCTA Executive Director

Discussion Summary

Mr. Beau Memory started his opening comments by stating the Turnpike Authority was awarded the President's Award at the IBTTA Conference in Baltimore for the tri-protocol technology on the Triangle Expressway.

Mr. Memory continued with updates on the Triangle Expressway for the month of September stating that it was a tough month as a result of Hurricane Florence. Transactions were down about 0.1 percent year-over-year with a total of 4.1 million transactions. Revenue was also down 1.6 percent year-over-year at \$3.8 million. Mr. Memory stated the numbers seem to correlate with the presence of the hurricane and early numbers for October look strong. The Turnpike Authority also sold about 6,300 transponders in the month of September.

Actions Taken

Information only/no action required.

Complete 540 Design-Build Procurement Update – Rodger Rochelle, P.E., NCTA Chief Engineer

Discussion Summary

Mr. Rodger Rochelle gave a brief update on the three Design-Build procurements currently underway for the Complete 540 project.

Mr. Perry Safran asked that the names of firms would be provided whenever the committee is given an update on the Design-Build procurement for Complete 540. Mr. Rochelle stated that the names of short listed firms have been provided in the past and will be provided again at the next meeting, once firms are shortlisted for the next contract.

Actions Taken

Information only/no action required.

Proposed 2009 Triangle Expressway TIFIA Loan Refunding – David Roy, NCTA Director of Finance

Discussion Summary

Mr. David Roy introduced Mr. David Miller to provide an analysis on the proposed 2009 Triangle Expressway TIFIA Loan Refunding and Mr. Wally McBride to give an overview of the bond documents.

Mr. Miller presented the current analysis of the proposed TIFIA refunding to the committee.

Mr. Safran inquired if a 1.04% savings would be worth it. Mr. Miller stated that yes, the refunding would be worth it and added the refunding could have dissavings but would still make sense based on the impact it would have on the Complete 540 financing.

Mr. Safran inquired about the surety cost. Mr. Miller stated it is a cost to purchase a reserve surety from Assured Guaranty in lieu of making a cash deposit to the reserve. Mr. Safran asked if the cost was reasonable. Mr. Miller stated the Authority has not received a quote from Assured Guaranty yet and the analysis assumed the cost to the Turnpike Authority in 2017. Mr. Safran asked if he thought the Authority expects any problems with receiving a reasonable quote and Mr. Miller responded no.

Mr. McBride gave an overview of the bond documents including the third supplemental trust agreement, the bond order and the preliminary official statement. Mr. McBride gave an overview of the resolution for the finance committee and stated that the LGC is reasonably requesting a maximum number of negative present value savings.

Mr. Scott Aman asked what other opportunities the Authority had besides risking potential negative net present value savings. Mr. Miller stated that the Authority has hoped there could be negotiations with TIFIA, however, they have had the initial letter of interest for the Complete 540 project for almost a year and have declined to give feedback to date and this refunding is a risk avoidance for the Turnpike Authority. Mr. Roy added this is a structuring mechanism to help set up the Authority for the Complete 540 financing.

Mr. Jim Walker stated he does not see any cons to the refunding and asked Mr. McBride to state the cons. Mr. McBride stated one con would be if Complete 540 was never built or was significantly delayed multiple years beyond the delay with the Monroe Expressway.

Mr. Safran requested the record to reflect that the committee is driven by facts of this circumstance.

Mr. Roy gave a brief overview of the proposed schedule of the refunding.

Actions Taken

A motion to approve the Finance Committee Resolution with respect to Issuance of Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2018 with present value debt service savings not to exceed negative five percent and move approval of the refunding to the full Turnpike Authority board was unanimously approved upon a motion by Mr. Safran seconded by Mr. Walker.

NCTA Investment Update – David Calvert, PFM Asset Management

Discussion Summary

Mr. David Calvert gave an overview of the market as well as a brief update on the different Turnpike Authority funds and investments.

Mr. Safran inquired if there were any restrictions to transferring funds to investment. Mr. David Roy responded it is allowable under the trust indentures. Mr. McBride asked if rebate is in the Authority's future. Mr. Calvert responded that there is not rebate at the original yields and there is significant negative arbitrage that has already accrued. Mr. Safran asked what the rebate is, Mr. McBride stated the rebate is in the millions. Mr. Walker inquired if the money earned from investing is used for any purpose and Mr. Roy responded that earnings are available for uses on the project.

Actions Taken

Information only/no action required.

Triangle Expressway 2019 Toll Rates – David Roy, *Director of Finance*

Discussion Summary

Mr. Roy gave an overview of the 2019 toll rates for the Triangle Expressway and reminded that no action is required from the board or committee.

Chairman Teer inquired what it will cost to travel the length of the Triangle Expressway. Mr. Roy responded that it will cost \$3.37 with a transponder.

Actions Taken

Information only/no action required.

2019 Meeting Dates – Robert Teer, *Chair*

Discussion Summary

Chairman Teer gave a brief overview on the 2019 meeting dates for the Finance Committee and full Turnpike Authority board.

Actions Taken

Information only/no action required.

Adjourn – Robert Teer, *Chair*

Discussion Summary

Mr. Robert Teer called for a motion to adjourn the October 17, 2018 Finance Committee meeting

Actions Taken

The motion to adjourn the October 17, 2018 Finance Committee meeting was approved unanimously upon a motion made by Mr. Safran seconded by Mr. Walker.