

RESOLUTION WITH RESPECT TO ACTIONS IN FURTHERANCE OF FINANCINGS OF COMPLETE 540 PHASE 2, INCLUDING REQUESTING AUTHORIZATION FOR NCDOT ADVANCES, ACKNOWLEDGING TERMS OF NCDOT GUARANTEE AND INDUCEMENT UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED

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 Chapter 159, as amended, of the NCGS, including Article 5 thereof - The State and Local Government Revenue Bond Act (the "*Revenue Bond Act*"), to issue revenue bonds and notes for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects," as defined in the Act; and

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; and

WHEREAS, pursuant to the Act and the Revenue Bond Act, the Authority has issued revenue bonds to finance the turnpike project known as the Triangle Expressway System; and

WHEREAS, one of the additional projects authorized by the Act and the documents under which revenue bonds have been issued for the Triangle Expressway System is a segment of the Triangle Expressway System known as "Complete 540 Phase 2" and current expectations are that such project will be financed, in part, by the issuance of revenue bonds; and

WHEREAS, it is anticipated the North Carolina Department of Transportation ("*NCDOT*") will fund a portion of the cost of the Complete 540 Phase 2 project and it would benefit the total project cost if NCDOT could, as it did in connection with Complete 540 Phase 1 pursuant to a North Carolina Board of Transportation resolution adopted May 3, 2018, upon the issuance of a record of decision on the project, allow such funds to be used for certain initial or early costs of the project and then be reimbursed from the proceeds of Authority revenue bonds when issued with the NCDOT funds again contributed to the project in the ordinary course of subsequent expenditure of funds from all sources; and

WHEREAS, as requested by this Board in a resolution adopted March 28, 2018, the North Carolina Board of Transportation in a resolution adopted May 3, 2018, authorized NCDOT to guarantee funding support for unanticipated construction costs, operating and maintenance costs and renewal and replacement costs of certain State Transportation Improvement Plan projects including No. R-2829 (planned to be split into R-2829A and R-2829B) which constitutes Complete 540 Phase 2, on condition any such amounts will be repaid to NCDOT from revenues of the project, with simple statutory interest, with priority after debt service on any financing for the project, debt service reserves, operation and maintenance and reserves therefor and renewal and replacement costs and reserves therefor; and

WHEREAS, under the provisions of the Internal Revenue Code of 1986, as amended (the "*Code*"), and the regulations thereunder, it is required that the issuer of bonds which will, among other purposes, provide for the reimbursement of certain costs paid prior to the issuance

thereof, adopt a resolution stating its intent to make such reimbursement before the costs are incurred; and

WHEREAS, the Authority desires to (a) specifically request NCDOT to agree to advance funds for initial and early costs of the project, (b) acknowledge its agreement with the provisions for the guarantee of certain costs of the project as provided in the North Carolina Board of Transportation resolution of May 3, 2018, and (c) take steps as required under the Code to enable reimbursement of costs of the project from tax-exempt revenue bonds when issued; and

WHEREAS, the Finance Committee of the Authority has recommended to the Board the adoption of this resolution;

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

1. The Authority hereby requests that the North Carolina Board of Transportation authorize the Secretary and NCDOT to advance to the Authority up to \$100,000,000 to pay initial or early costs of Complete 540 Phase 2 upon the basis that the Authority will reimburse NCDOT from proceeds of the bonds issued by the Authority for the financing of such project. Such funds, once reimbursed, will again be available to pay the NCDOT share of the project in the ordinary course.

2. The Board hereby acknowledges the guarantee of funding support for unanticipated construction costs, operating and maintenance costs and renewal and replacement costs of Complete 540 Phase 2 (STIP No. R-2829, planned to be split into R-2829A and R-2829B) pursuant to and in accordance with the resolution adopted by the North Carolina Board of Transportation on May 3, 2018, and its concomitant obligation to repay any such amounts as required thereby.

3. The Board hereby states its intent to reimburse itself, the North Carolina Department of Transportation, or other parties incurring costs with respect to Complete 540 Phase 2 from proceeds of the bonds issued by the Authority for the financing of such project, including the financing of the costs to be reimbursed as well as other costs of the project. Such reimbursement may be in an aggregate amount of up to \$100,000,000 with such limit subject to increase by this Board. This resolution shall constitute a statement of official intent pursuant to Treasury Regulations Section 1.150-2(e).

4. The Board hereby reaffirms and ratifies all prior resolutions and actions taken in connection with the financing of Complete 540 – Phase 2 as a part of the Triangle Expressway System.

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

Adopted _____, 2022.

Chairman, Board of Directors, North Carolina
Turnpike Authority