

North Carolina Turnpike Authority

Special Board of Directors Meeting

October 31, 2023



Board of Directors



Joey Hopkins
Board Member



**James 'Jim'
Walker**
Vice Chair



Robert D. Teer Jr.
Secretary & Treasurer



John Adcock
Board Member



**Dr. Pamela
Gibson Senegal**
Board Member



Sam Hunt IV
Board Member



Montell W. Irvin
Board Member



**Charles 'Chuck'
L. Travis III**
Board Member



Julie Eiselt
Board Member

Opening Comments

James “Jim” Walker
Vice Chair

Secretary's Remarks

Secretary Hopkins
NC Department of Transportation

Executive Director Comments

JJ Eden

Executive Director

Finance Committee Report

Robert Teer

Finance Committee Chair

Complete 540 Phase 2 Plan of Finance Update

Kate Trimble
Financial Analyst

Security Structure

All security and financial covenants proposed are consistent with the terms of the existing A&R Trust Agreement and TIFIA Loan Agreement

- Senior Lien Bonds secured by all Receipts consisting of:
 - Gross Toll revenues
 - Excess State Appropriated Revenues (appropriated from the Highway Trust Fund)
 - General Fund Interest earnings
- TIFIA loan secured by a subordinate pledge of Receipts
- NCDOT commitment to replenish the Operating Reserve Fund, pursuant to the Operations and Maintenance Guaranty Agreement, allows Senior and TIFIA debt service to be paid before Operations and Maintenance Expenses
- NCDOT construction completion guarantee

Sources of Funds

- \$407 million TIFIA Loan
 - TIFIA Loan secured by gross toll revenue pledge subordinate to senior lien Triangle Expressway System toll revenue bonds, on parity with TIFIA Series 2021 Bond
 - TIFIA DSRF of 100% of the lesser-of-three test, is anticipated to be funded with a surety paid for by available Phase 1 funds
- \$372 million Senior Lien Toll Revenue Bonds, Series 2023*
 - Gross toll revenue pledge on parity with Series 2009B, Series 2017, Series 2018, Series 2019 Toll Revenue Bonds
 - Surety policy covers deposit required to Common DSRF (funded to 50% of the lesser-of-three test)
- \$400 million NCDOT GARVEE Bonds & State Match
- \$29 million reallocation of Phase 1 NCDOT State Match dollars
 - Funds were previously earmarked for the TIFIA DSRF deposit required upon substantial completion of Phase 1

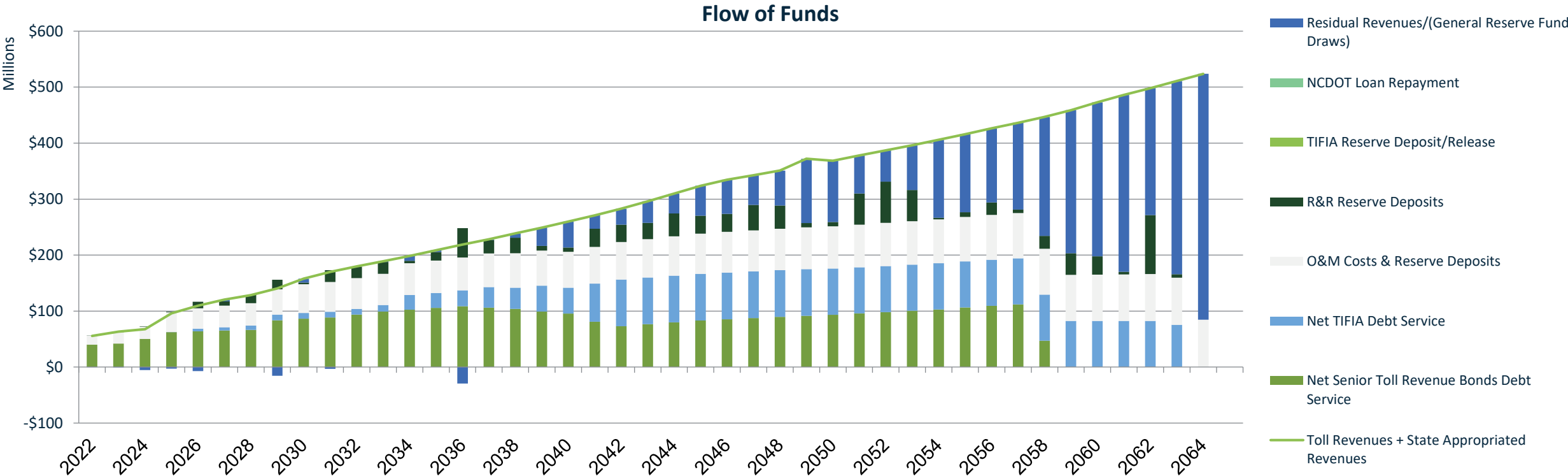
*Consists of approximately \$267 million in par of CIBs and \$105 million in par of CABs

Sources & Uses

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Sources							
Complete 540 Phase 2 TIFIA Loan	-	96,407,548	121,523,023	74,021,764	79,709,853	35,379,553	407,041,741
Series 2023 Toll Revenue Bonds - Senior Lien	222,414,830	149,995,228	-	-	-	-	372,410,058
NCDOT State Funding	29,577,790	-	112,100,000	120,000,000	118,000,000	49,900,000	429,577,790
Total Sources	251,992,620	246,402,776	233,623,023	194,021,764	197,709,853	85,279,553	1,209,029,589
Uses							
Construction Costs	147,983,897	246,402,776	233,623,023	194,021,764	197,709,853	85,279,553	1,105,020,866
Toll Revenue Bond Cap Int	71,190,384	-	-	-	-	-	71,190,384
Cost of Issuance	32,818,339	-	-	-	-	-	32,818,339
Total Uses	251,992,620	246,402,776	233,623,023	194,021,764	197,709,853	85,279,553	1,209,029,589

Projected Cash Flow and Coverage

- Projected Coverage Ratios beginning in 2025*:
 - Senior Lien Toll Revenue Bonds: 1.58x Minimum, 3.05x Average (through 2058)
 - TIFIA Loans: 1.58x Minimum, 2.52x Average (through 2064)
 - All-in: 1.13x Minimum (shortfalls paid from General Reserve); 4.93x Average (through 2064)



*Projected coverage will require ABT Waivers from TIFIA and Bond Insurer

TIFIA Update



Received Draft TIFIA
Loan Agreement



Submit TIFIA
Application



Finalize loan
agreement
documentation

Underwriting Recommendation

- Lead Senior Manager
 - BoA Securities, Inc.
- Co-Senior Manager
 - Citigroup Global Markets Inc.
- Co-Managers
 - Drexel Hamilton, LLC
 - Loop Capital Markets LLC
 - PNC Capital Markets LLC
 - Samuel A. Ramirez & Co., Inc.

Preliminary Schedule*

Date	Action
2023	
10/31	Finance Committee & NCTA Board Approval of Financing and Documents
11/2	Submit TIFIA Application
12/5	LGC Approval
2024	
1/3	Posting of Preliminary Official Statement
1/10	Receive Final Rating Letters
1/17	Bond Pricing
1/25	TIFIA & Bond Closing

*subject to change

Draft Bond Documents

Brendan Staley
Hunton Andrews Kurth LLP

Lisa Medina Williams
McGuireWoods LLP

Proposed Bond Issues

- Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2023A&B
 - 2023A: Current Interest Bonds
 - 2023B: Capital Appreciation Bonds
- Triangle Expressway System Revenue Bond, TIFIA Series 2023

Senior Lien Turnpike Revenue Bonds, Series 2023

Sixth Supplemental Trust Agreement

- Sixth Supplemental Trust Agreement will extend the lien on the Revenues of the Triangle Expressway System to the Series 2023 Bonds
- Sets forth the terms for the Series 2023 Bonds
 - Maturity schedule
 - Redemption provisions
 - Defeasance provisions
- Provides for application of Series 2023 Bond proceeds
- Includes continuing disclosure obligations to provide investors with ongoing financial and operational information in compliance the Securities and Exchange Commission's Rule 15c2-12
- Includes miscellaneous provisions for supplementing the Sixth Supplemental Trust Agreement, updated notices, etc.
- Provides for certain amendments to the A&R Trust Agreement to facilitate the issuance of the Series 2023 Bonds and TIFIA Series 2023 Bond

Senior Lien Turnpike Revenue Bonds, Series 2023

Preliminary Official Statement

- Describes key terms of Series 2023 Bonds
- Describes the Plan of Finance
- Describes Triangle Expressway System financials and operations
- Describes the pledge of Revenues of the Triangle Expressway System
- Includes risk factors associated with the purchase of the Series 2023 Bonds
- Describes Authority's continuing disclosure undertaking
- Includes the Traffic and Revenue Bringdown report from CDM Smith, Inc. and GEC's Engineering Report as an Appendix
- Provides for the possibility of bond insurance

Senior Lien Turnpike Revenue Bonds, Series 2023

Bond Purchase Agreement

- Executed the day the Series 2023 Bonds are priced
- Commits the Underwriters to purchase the Series 2023 Bonds
- Sets forth final terms of the Series 2023 Bonds, including maturities, interest rates, yields and prices
- Sets forth the conditions to closing, including, but not limited to,
 - Receipt of ratings
 - Closing certifications
 - Opinions of bond counsel, attorney general for NCDOT, and underwriters' counsel

TIFIA Series 2023 Bond

TIFIA Loan Agreement

- 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 the Series 2023 Bonds, such as for older expenditures
- Has a lower interest rate, tied to the Federal rate at closing
- Contains stronger covenants than in the A&R Trust Agreement (e.g., 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 A&R 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 Series 2023 Bonds

Board Resolution and Bond Order

Kate Trimble
Financial Analyst

Triangle Expressway

Board Resolution

- Adopts Bond Order – Subject to Local Government Commission (LGC) approval
- Approves issuance of the Series 2023 Bonds and TIFIA Series 2023 Bond, subject to LGC approval
- Approves execution and delivery of Sixth Supplemental Trust Agreement, Preliminary Official Statement, the TIFIA Loan Agreement, the Bond Purchase Agreement and other documents related to the Series 2023 Bonds and TIFIA Series 2023 Bond
- Approves the sale of the Series 2023 Bonds to Underwriters and TIFIA Series 2023 Bond to USDOT
- Approves use of the Preliminary Official Statement and Final Official Statement by the Underwriters for the marketing of the Series 2023 Bonds
- Covenants that the “Bond Documents” shall be in the forms presented, which are hereby approved

Triangle Expressway

Board Resolution Parameters

- Authorizes the Series 2023 Bonds to be issued as tax-exempt bonds
- Imposes limits as follows:
 - Final maturity dates:
 - Series 2023A Bonds: 1/1/2058
 - Series 2023B Bonds: 1/1/2058
 - TIFIA Series 2023 Bond: 7/1/2063
 - Maximum aggregate principal amount of:
 - Series 2023A Bonds: \$550 million
 - Series 2023B Bonds: \$300 million
 - TIFIA Series 2023 Bond: \$550 million
 - Maximum interest rate for:
 - Series 2023A Bonds: 7.00%
 - Series 2023B Bonds: 7.00%
 - TIFIA Series 2023 Bond: 7.00%
 - Maximum percentage of aggregate discount to Underwriters:
 - Series 2023A Bonds: 0.50%
 - Series 2023B Bonds: 0.50%

Triangle Expressway

Board Resolution

- Authorizes officers and employees of the Authority to coordinate with NCDOT to update the disclosures in the Preliminary Official Statement
- 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 2023 Bonds and TIFIA Series 2023 Bond
- Designates the Chief Financial Officer as the officer charged with compliance with the Authority's continuing disclosure obligations with respect to the Series 2023 Bonds
- Requests the LGC to approve the issuance of the Series 2023 Bonds and TIFIA Series 2023 Bond and any other action requiring its approval in connection therewith

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Thank you!