



MEETING MINUTES

NORTH CAROLINA TURNPIKE AUTHORITY BOARD OF DIRECTORS

DATE: 07/24/2017 **TIME:** 10:00 AM **LOCATION:** NCTA Main Conference Room

MEMBERS PRESENT	Perry Safran
MEMBERS PRESENT VIA PHONE	Secretary Trogdon, John Collett, Jim Walker, Robb Teer, Scott Aman, Montell Irvin (joined at 10:05am)
MEMBERS ABSENT	Jim Crawford

AGENDA TOPICS

1. WELCOME, CALL TO ORDER, DECLARATION OF QUORUM, AND INTRODUCTIONS – PERRY SAFRAN VICE-CHAIR	
DISCUSSION SUMMARY	<p>Vice-Chair Perry Safran announced the beginning of the meeting and declared a quorum of six voting members of the Board.</p> <p>(Please note: Shortly after the declaration of the quorum, Mr. Irvin joined the meeting as the seventh voting member present.</p> <p>Vice-Chair Safran then asked everyone in the room to introduce themselves.</p>
ACTIONS TAKEN	Information only/No action taken

2. APPROVAL OF MAY 4TH, 2017 MEETING MINUTES - PERRY SAFRAN, VICE-CHAIR	
DISCUSSION SUMMARY	Vice-Chair Safran asked the Board Members to review the minutes. He verified that everyone had received a copy of the meeting minutes and announced he would accept a motion to approve the May 4 th , 2017 meeting minutes as provided.
ACTIONS TAKEN	<p>Mr. Robb Teer made a motion to approve the May 4th, 2017 meeting minutes. Mr. Scott Aman seconded the motion.</p> <p>Motion was approved unanimously.</p>

3. OPENING COMMENTS – PERRY SAFRAN, VICE-CHAIR	
DISCUSSION	Vice-Chair Safran made brief welcoming comments. Mr. Irvin joined the meeting via the conference call.
ACTIONS TAKEN	Information only/No action taken

4. FINANCE COMMITTEE MEETING REPORT – ROBB TEER, FINANCE COMMITTEE CHAIR	
DISCUSSION	Mr. Robb Teer reported Secretary Trogdon had charged the Finance Committee with studying the refunding of revenue bonds. At the June 15 th meeting, Mr. Gene Conti presented the study he is leading to develop policies and guidelines for selecting projects as toll candidates. The Finance Committee also heard a presentation by Ms. Hope Davidson of PFM on the Triangle Expressway Appropriation Revenue Bonds (BABs), Series 2009B Refunding Analysis. At this meeting, the members present stated that they would like to pursue the Request for Proposals for a Forward Starting Bank Loan and evaluate the options available. At the July 20 th Finance Committee meeting, members of the board received a presentation on the Refunding Analysis by Ms. Hope Davidson. The members present (Perry Safran, Jim Walker, and Robert Teer) voted to adopt the <i>Finance Committee Resolution with respect to Issuance of Triangle Expressway System Appropriation Revenue Refunding Bond</i> .
ACTIONS TAKEN	Information only/No action required.

5. TRIANGLE EXPRESSWAY SYSTEM STATE ANNUAL APPROPRIATION REVENUE BONDS (BABs), SERIES 2009B – REFUNDING OVERVIEW – DAVID MILLER, PFM	
DISCUSSION	Mr. David Miller presented a description of the options available and highlighted the Forward Starting Bank Loan and the four bank proposals received for this option. Please see the presentation provided and located in the board book for details and the summary of proposals. The Forward Starting Bank Loan locks in the interest rate today to eliminate interest rate risk before January 1, 2019. Mr. Miller also discussed breakage fees and when the breakage fee could be applied. Breakage fees could be applied if the Turnpike takes action to make the bonds taxable. The Finance Team is recommending a 15 year loan with a 10 year par call with Bank of America Merrill Lynch. Mr. Teer questioned if there was a 5% or higher or a 10% or higher threshold in regards to net present value (NPV) savings. Mr. Miller replied that 5% NPV savings is standard and that they are projecting savings to exceed 10% with the recommended proposal. Mr. Wally McBride said he has never heard of anyone turning down a NPV savings of 10% or more. Mr. Collett asked if we were taking action now to take advantage of the current interest rates and if financing was available today. Mr. Miller responded affirmatively that proposals were solicited and received good quotes. Mr. Collett commended Turnpike staff and consultants for being proactive. Mr. Irvin asked when the last federal rate hike occurred, what was it and how many rate hikes have occurred in the last 90 days. Mr. Miller answered, the last increase in rates was 25 basis points in June and there have been two other rate increases in the last 6 months.

	<p>There is a 28 basis point premium for the Forward Starting Loan.</p> <p>Mr. Miller stated in the board book is an attachment that compares the Cost of Issuance with the recommended proposal against the Triangle Expressway Toll Revenue Bonds Refunding and the Monroe Expressway Toll Revenue Bonds. The loan is less costly because the recommended proposer does not require an investment rating from any rating agencies and no escrow account will be used.</p> <p>Vice-Chair Safran inquired about the \$10,000 miscellaneous cost. Mr. Miller explained it is an estimate for contingency.</p> <p>Mr. Teer requested that the net present value savings be stated for the Board. The Triangle Expressway Toll Revenue Refunding Bonds savings were 13.7% of par and 33.2 million NPV. For the Monroe Expressway, the Series 2016 Bonds allowed \$145.5 million in GARVEE proceeds to be released back to NCDOT.</p> <p>Chairman Trogdon expressed his appreciation to the Finance Committee, PFM, and the Staff who has worked on this and stated that he believes this is the right thing to do.</p> <p>Vice-Chair Safran asked if another rating was needed. Mr. David Roy answered that he was very comfortable that another rating did not need to be done.</p>
ACTIONS TAKEN	Information only/No action required.

6. TRIANGLE EXPRESSWAY SYSTEM STATE ANNUAL APPROPRIATION REVENUE BONDS (BABS), SERIES 2009B – DRAFT REFUNDING BOND DOCUMENTS – WALLY MCBRIDE, HUNTON & WILLIAMS	
DISCUSSION	<p>Mr. Wally McBride presented and summarized all the bond documents. He reminded the Board only a portion of the bonds are being refunded. The remaining bonds of approximately \$150 million will be looked upon for refunding at the end 2018, but this is completely separate from this transaction. The bank asked that the Turnpike waive the right to a Jury Trial. Mr. McBride discussed with the bank and said they would be willing to have an arbitration addition to the document.</p> <p>Mr. Irvin asked the maturation date of the \$150 million plus bonds. Mr. McBride answered the maturities 2009B bonds that begin in 2033 through 2039 are not in the term of a bank loan that is currently being evaluated. Therefore, NCTA is going to preserve them subject to sequestration, review the interest rate in late 2018, and consider refunding as appropriate when the option is available.</p> <p>Vice-Chair Safran stated that if the Board agrees to the right of Jury Trial or binding commercial arbitration then he will not vote for a document with this included unless told otherwise by General Counsel. Mr. Walker asked if they give the name of the arbitrator or if the venue is given. Mr. McBride said they responded with 'details are to be worked out'. Mr. Walker said he agrees with Vice-Chair Safran. Mr. McBride said he will take this information back to the bank. Mr. Walker commented that we would have to go to New York and use an arbitrator there and pay for it. Vice-Chair Safran said it would be in North Carolina per the document. Ms. Mary Nash said they use AAA (American Arbitration Association) rules for commercial arbitration, it would be in North Carolina, and one arbitrator is chosen by the bank and one is chosen by NCTA unless they can't agree they pick a third. Vice-Chair Safran summarized the exchange by saying it is AAA rules, and he is familiar with the group as he is a member. Mr. Walker asked why we want to be outside of the courtroom. Ms. Nash answered this is a standard loan provision by Bank of America. This is an unenforceable provision because you cannot waive a jury trial in the State of North Carolina and the alternative is arbitration. Vice-Chair Safran voiced he will not vote for something that is contrary to the law.</p>

ACTIONS TAKEN	Information only/No action required.
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7. ACTION ITEM – RESOLUTION WITH RESPECT TO ISSUANCE OF TRIANGLE EXPRESSWAY SYSTEM APPROPRIATION REVENUE REFUNDING BOND – DAVID ROY, DIRECTOR OF FINANCE & BUDGET	
DISCUSSION	<p>Mr. David Roy presented the proposed schedule if the resolution is adopted today. Mr. McBride asked about setting a rate lock prior to the planned date of August 8th or two days before closing on August 10th. There was a question about locking the rate before then on August 1st after LGC approval or on August 8th when the rate is currently scheduled to lock. Mr. Safran clarified that no rate lock will occur without the approval of the LGC and he also voiced he does not have a problem with the date of August 8th. The rest of the members agreed August 8th. Mr. Roy added that there is no cost to lock the rate on the 1st. Vice-Chair Safran stated that if the LGC approved and there is no cost to lock the rate, then a rate lock on August 1st would be advantageous. Mr. McBride said that the remaining question is regarding the waived Jury Trial provision and suggested they vote on the document with the provision remaining.</p> <p>Mr. Teer said he does not disagree with the arbitration. Mr. Walker added that he does not either if it is in North Carolina. Mr. Teer agreed.</p>
ACTIONS TAKEN	<p>Vice-Chair Safran asked the Board for a motion to adopt the <i>Finance Committee Resolution with Respect to Issuance of Triangle Expressway System Appropriation Revenue Refunding Bond as provided</i>. Mr. Teer made a motion to adopt the resolution as written. Mr. Collett seconded the motion.</p> <p>Then Mr. Teer amended his motion to adopt the resolution with the modification that the arbitration is in North Carolina. Mr. Collett seconded the modified motion.</p> <p>Votes were as follows:</p> <ul style="list-style-type: none"> • Vice-Chair Safran voted No with the jury provision still included. • Mr. Teer, Mr. Walker, Mr. Collett, Mr. Irvin and Mr. Aman voted Yes. <p>Chairman Trogdon did not vote as he had another meeting to attend and disconnected from the call earlier in the meeting.</p>

8. ADJOURN	
DISCUSSION	
ACTIONS TAKEN	Vice-Chair Safran declared the meeting adjourned.