



# **NORTH CAROLINA**

Department of Transportation



# Debt and Cash Overview

NC FIRST Commission

May 3, 2019

# Debt Overview

NCDOT has four sources of debt:

- General Obligation bond authorized in 1996 (No capacity remains; debt fully retired in 2020)
- BUILD NC bonds authorized in 2018
- GARVEE (Grant Anticipation Revenue Vehicle) bonds
- Turnpike bonds on the Triangle Expressway and Monroe Expressway

# Debt Overview

## BUILD NC

S.L. 2018-16

- Source of Debt Service:** Highway Trust Fund
- STI Tier Funds Restricted to:** Division - 50%    Region - 50%
- Maximum Term for Bonds:** 15 Years
- Maximum Issuance:** \$300 million annually  
\$3 billion over 10-year program  
May not exceed target of Debt Affordability  
Advisory Committee (DAAC):  
Total Debt Service  $\leq$  6% of Revenues (~\$225 million )
- Other Legal Requirements:** Treasurer must recommend issuances and determine all of the following preconditions have been met:  
Average Cash Balances (Jan-March) < \$1.0 billion

# BUILD NC Continued

**Other Legal Requirements:** Treasurer must recommend issuances and determine all of the following preconditions have been met:

- Average Cash Balances (Jan-March) < \$1.0 billion
- DAAC targets not exceeded
- NCDOT has consulted with Treasurer and General Assembly 6 months prior to issuance

**Outstanding Principal:** \$0

**Excess Debt Capacity:** \$2.3 billion - \$2.5 billion over 10 years (par)  
(Sources: PFM Financial Advisors and Treasurer's 2019 Debt Affordability Study)

# Debt Overview Continued

## Garvee

**S.L. 2005-403**

### Federal Aid

No legal restrictions but typically funds are used statewide

No legal limit

**Either:** Outstanding Principal  $\leq$  Annual Federal Aid

Available for Debt Service

(Currently: \$447 million < \$1,160 million)

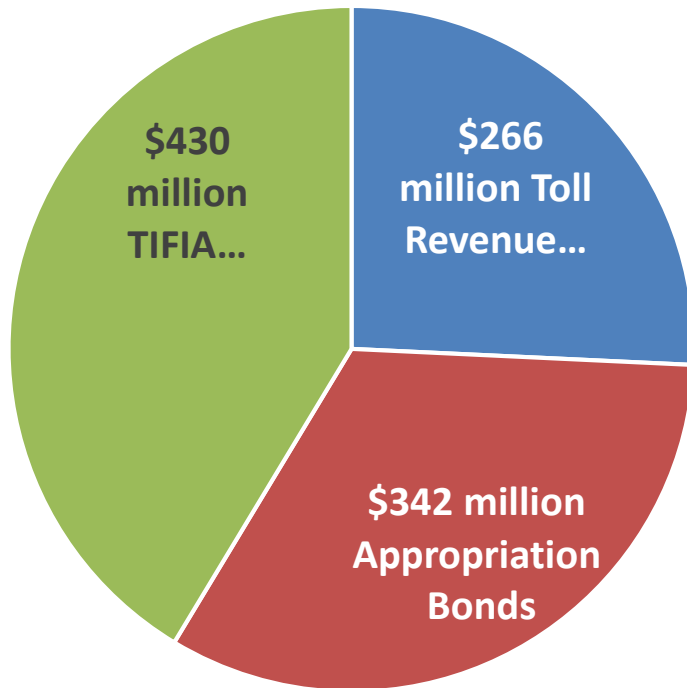
**Or:** Maximum Debt Service  $\leq$  15% Annual Federal Aid

Available for Debt Service

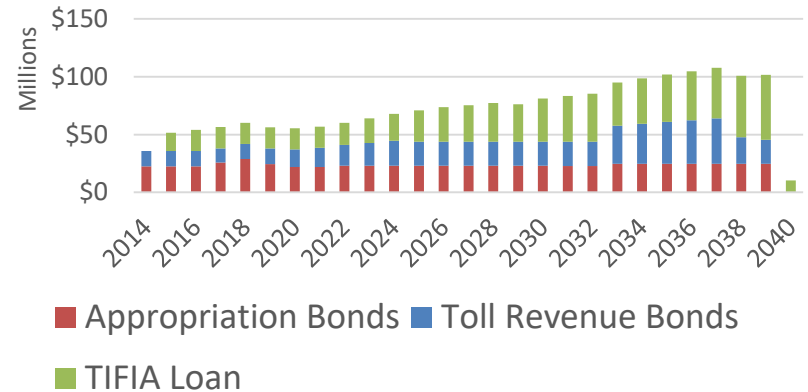
(Currently: \$75 million < \$172 million)

# Turnpike Bonds: Triangle Expressway

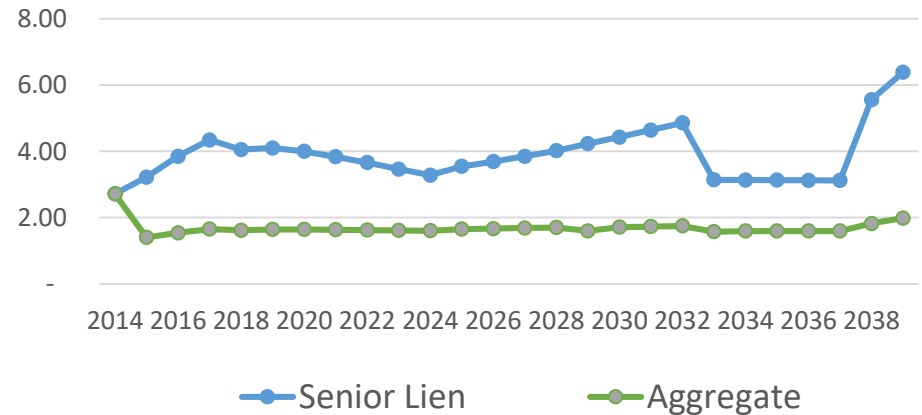
### Outstanding Debt



### Annual Net Debt Service

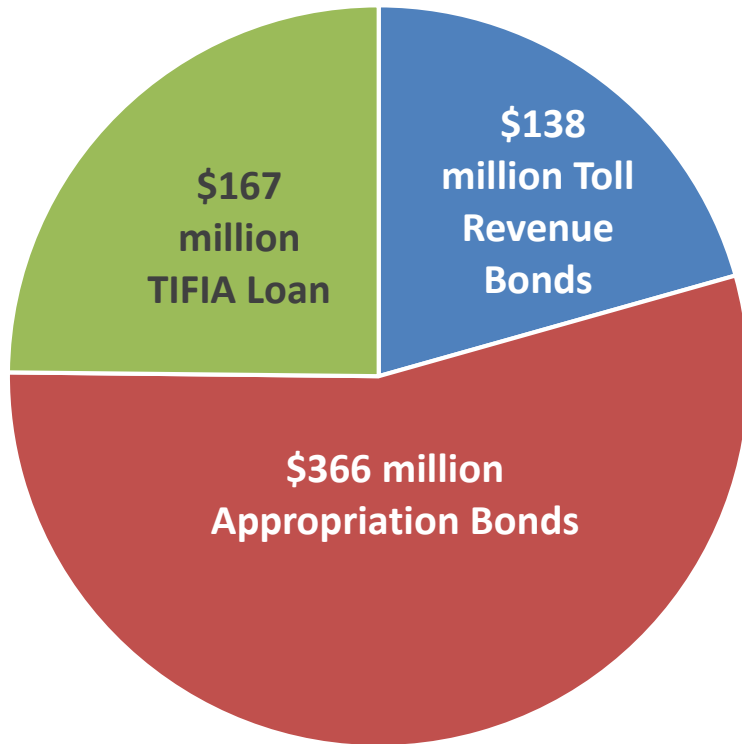


### Debt Service Coverage

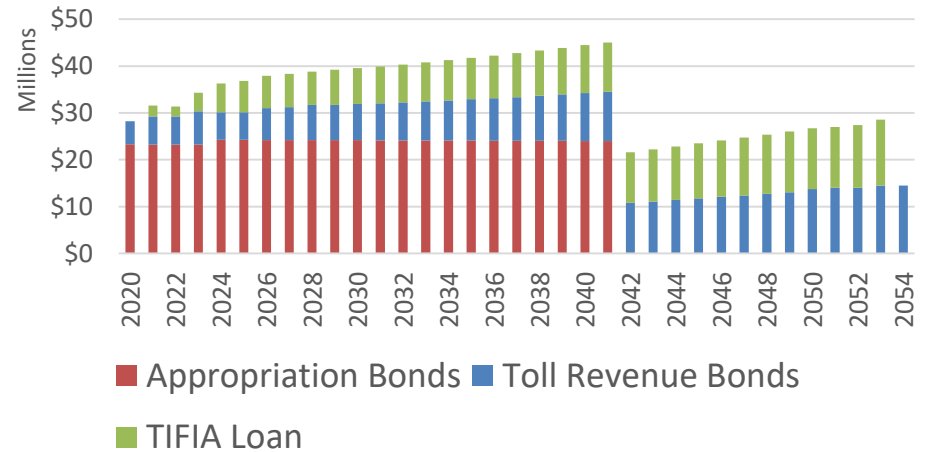


# Turnpike Bonds: Monroe Expressway

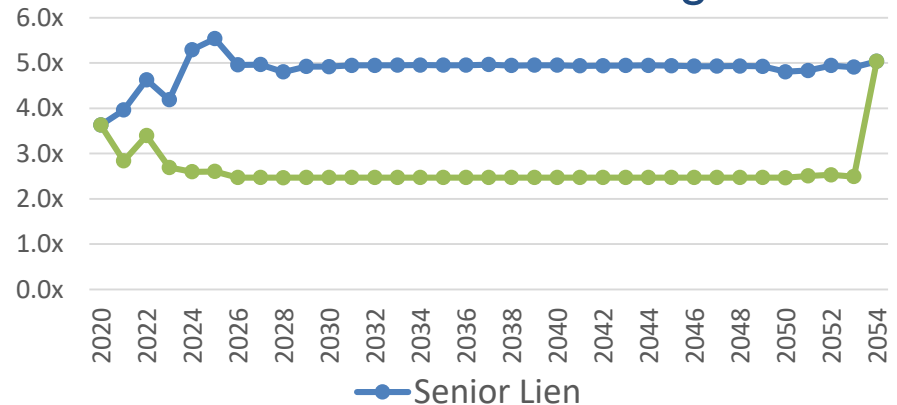
## Outstanding Debt



## Annual Net Debt Service

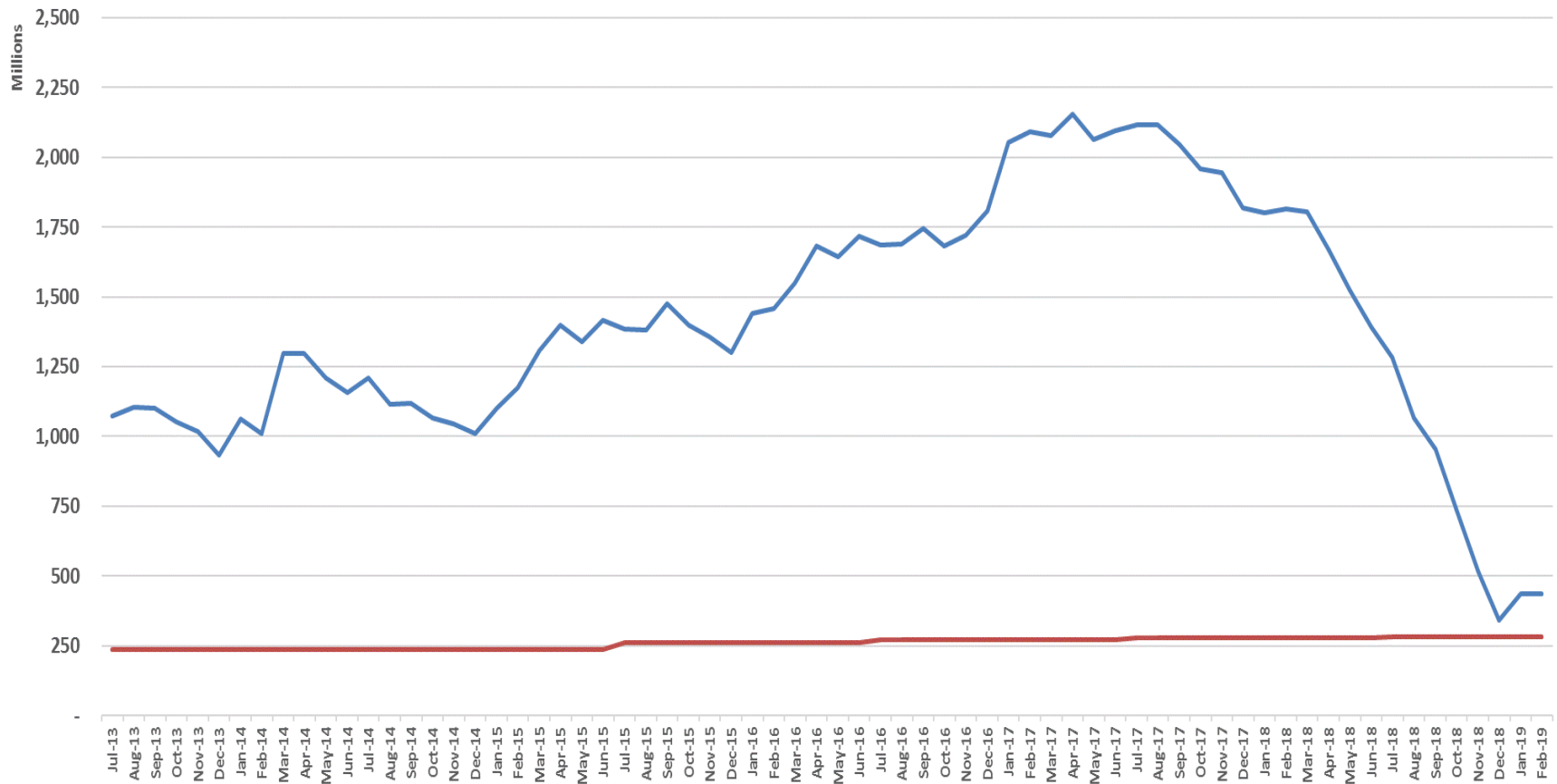


## Debt Service Coverage



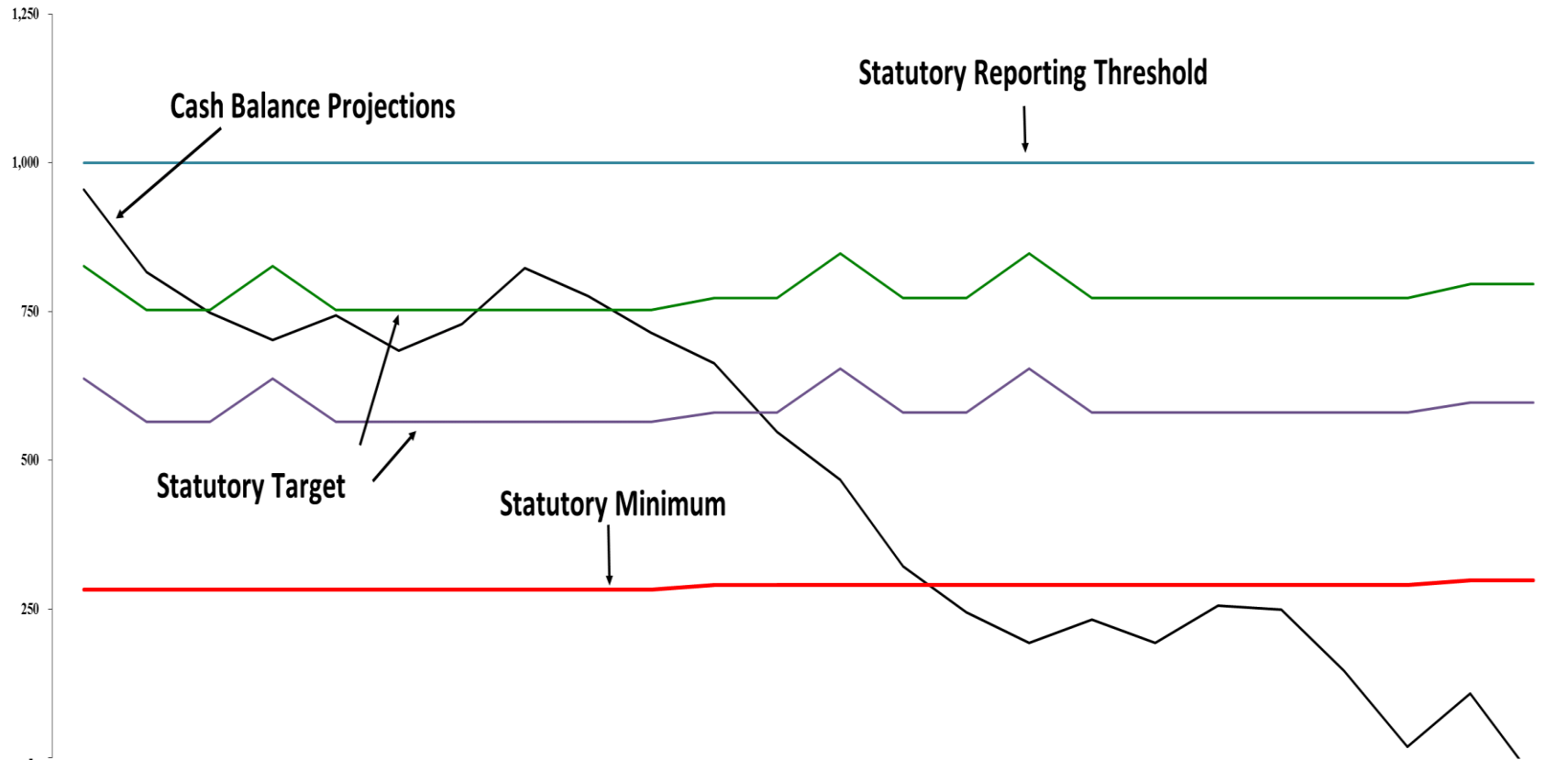
# Historic Cash Balance

Closing Cash Balance by Month  
SFY2013-14 to February 2019





# Projected Cash Balance



	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	
— Cash Balance Projections	955	817	748	702	743	684	730	823	777	714	663	547	467	321	244	193	232	193	256	249	146	18	108	(34)	
— Statutory Target - 20%	826	753	753	826	753	753	753	753	753	753	773	773	848	773	773	848	773	773	773	773	773	773	773	796	796
— Statutory Minimum	282	282	282	282	282	282	282	282	282	282	290	290	290	290	290	290	290	290	290	290	290	290	290	299	299
— Statutory Reporting Threshold	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
— Statutory Target - 15%	638	565	565	638	565	565	565	565	565	565	580	580	655	580	580	655	580	580	580	580	580	580	580	597	597

# Cash Balance Status

- Legislative and departmental objective to expedite projects by deploying excess cash balances has been achieved
- Cash balances will remain below \$1.0 billion threshold for the foreseeable future
- Hurricanes Florence and Michael have accelerated the draw-down of cash reserves
- Build NC and GARVEE issuances will help support cash levels.
- Cash forecast being updated to reflect additional expenditures, particularly those related to natural disasters, recent STIP changes and bond issuances