



North Carolina Turnpike Authority
Board of Directors Meeting

June 15, 2016



Monroe Expressway Underwriters Selection

David Roy

Director of Finance and Budget



Underwriters Overview

Senior Managing Underwriter:

- The Senior Managing Underwriter (or “book-running” manager) for the transaction is responsible for working directly with the team to develop the overall financial and marketing plans, technical structure of the bond issue, and appropriate disclosure and related documents. The Senior Manager has primary responsibility for leading the marketing effort in selling bonds to investors.

Co-Managing Underwriters:

- Other underwriting firms which, depending on the issue size, may be retained to assist in the marketing and sale of bonds.



Underwriters Selection Process

Schedule:

- April 7: Request for Qualifications advertised
- April 27: Statements of Qualifications due to the Authority
 - 9 firms proposed to serve as Senior Manager and 3 proposed to serve as a Co-Manager
- May 6: Selection Committee meeting to shortlist firms
 - 4 firms proposing to serve as Senior Manager shortlisted
- June 6: Oral presentations and interviews for shortlisted firms
- June 6: Selection Committee meeting to select recommended Underwriters

Selection Committee:

- David Tyeryar, NCDOT CFO
- David Roy, NCTA
- David Miller, PFM
- Wally McBride, Hunton & Williams



Underwriters Selection Criteria

- Experience of the firm's primary personnel (25%):
 - The primary personnel will become active members of the working group assisting with the transaction
- Experience with similar transactions (20%):
 - Specifically North Carolina Municipal Bonds, non-recourse Toll Revenue Bonds, Capital Appreciation Bonds (CABs) or Convertible CABs and TIFIA loans
- Plan of Finance Discussion (20%):
 - The Underwriter will help develop the overall financial and marketing plans, technical structure of the bond issue, and appropriate disclosure and related documents
- Credit/Marketing Analysis (20%):
 - The Underwriter will assist with the credit package, manage marketing of the bonds and facilitate institutional investor communication. Their primary responsibility is to lead the marketing effort in selling bonds to investors.
- Pricing – gross spread, takedowns (15%):
 - The lowest fees do not always result in the most effective, efficient transaction. To ensure the lowest cost of capital is achieved, the Authority must weigh the benefits of experience to low fees.



Underwriters Selection Committee Recommendation

Senior Managing Underwriter:

1. Bank of America Merrill Lynch
2. Citigroup Global Markets
3. J.P. Morgan Securities
4. Wells Fargo Securities

Co-Managing Underwriters:

- It is the recommendation of the Selection Committee to select the three shortlisted firms not selected to serve as Senior Managing Underwriter to serve as Co-Managing Underwriters

