



STATE OF NORTH CAROLINA  
TURNPIKE AUTHORITY

BEVERLY E. PERDUE  
GOVERNOR

1578 MAIL SERVICE CENTER, RALEIGH, N.C. 27699-1578

DAVID W. JOYNER  
EXECUTIVE DIRECTOR

**BOARD OF DIRECTORS MEETING MINUTES**

Thursday, May 7, 2009

Emergency Information Center, NC Transportation Building

Members present: Gene Conti, Chairman  
Perry Safran  
Robb Teer

Members present via phone: Anthony Fox  
David Redwine  
Lanny Wilson

Members absent: Sang Hamilton  
Bob Spencer  
Bill Lackey

Also present: David Joyner, Executive Director

Secretary Gene Conti called the meeting to order at 1:10 pm. Secretary Conti read the state ethics act statement and declared that there was a quorum present. .

*Bond Insurance Commitments with Assured Guaranty:* Grady Rankin and Tom Lee discussed the Assured Guaranty commitment letter and reviewed the summary of the terms of the commitment (see attached). David Miller discussed that Fitch downgraded Assured from AAA to AA on Monday. While this provides NCTA with a valid reason to revisit the fee schedule, it raises some concerns about our ability to secure AAA rating with Assured's insurance. He said that there is still tremendous benefit from having Assured Guaranty involved. David Redwine asked the reason for the downgrade. David Miller said that there was no triggering event but periodically rating agencies review assets in company portfolios, and perhaps they felt some Assured assets had weakened. In reviewing the conditions of the insurance, Tom Lee said that it is typical to have a commitment with conditions, and the Assured conditions are normal except for 1) a more stringent additional bond test, and 2) refinancing requirements. Robb Teer moved approval of the following resolution:

*1) The Executive Director is hereby authorized, following such consultation as the Executive Director shall deem necessary with the Local Government Commission, the Authority's Financial Advisor, the Authority's Underwriters and the Authority's Bond Counsel, to accept the commitment of Assured to issue the financial guaranty insurance policy with respect to all or some portion of the Senior Lien Revenue Bonds. If less than all of the Senior Lien Revenue Bonds are insured, the Executive Director is authorized to determine what Bonds shall be insured, based upon the advice of the Local Government Commission and the consultants set forth above.*

2 ) *The Chairman and the Executive Director are hereby authorized to oversee such changes to the General Revenue Bond Trust Agreement and First Supplemental Trust Agreement previously approved by the Authority as shall be necessary to conform such agreements to the terms and conditions of the commitment issued by Assured and accepted by the Authority.*

3) *This Resolution shall take effect upon its passage.*

Perry Safran seconded the motion and the resolution passed unanimously.

*Technical Correction to Bond Order:* Tom Lee explained the need for the correction. Perry Safran moved that the following resolution be approved:

BE IT ORDERED by the Board of Directors (the "Board") of the North Carolina Turnpike Authority (the "Authority"):

Section 1. The Board does hereby find and determine as follows:

(a) On November 20, 2008, the Board adopted a Bond Order (the "Original Order") authorizing the issuance of not exceeding \$700,000,000 of Senior Lien Revenue Bonds to finance a portion of the cost of the Triangle Expressway System.

(b) On April 15, 2009, the Authority adopted an Amendment to the Original Order (the "Amendment") amending certain provisions of the Original Order.

(c) Since the adoption of the Amendment, it has come to the attention of the Authority that certain additional amendments are needed to effectuate the purposes of the Bond Order.

(d) Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Original Order and the Amendment.

Section 2. Section 7 of the Original Order, as amended by the Amendment, is hereby further amended to provide that the General Revenue Bonds and the State Appropriation Revenue Bonds may be sold to the Underwriters offering to purchase such Bonds at aggregate purchase price and bearing interest at rates or yields determined by the Commission as provided in the Amendment, such that the interest rates or yields on the combined two issues of Bonds shall not result in a true interest cost to the Authority in excess of 8.0% (i.e. the true interest cost of the General Revenue Bonds on a stand alone basis, or the State Appropriation Revenue Bonds on a stand alone basis, may be greater than 8.0%, so long as the combined true interest cost is not in excess of 8.0%).

Section 3. This Amendment shall take effect immediately upon its passage.

The motion was seconded by Robb Teer and passed unanimously.

*Rating Agency Fees:* Grady Rankin explained that the rating agencies have done additional work as a result of bifurcating the bond offering and adding insurance for the bonds. Robb Teer made the following motion:

BE IT RESOLVED BY THE BOARD that the Authority is authorized to expend not-to-exceed \$850,000 for fees to nationally recognized securities rating agencies in obtaining ratings for the Senior Lien Revenue Bonds, State Appropriation Revenue Bonds, Loan from the United States Department of Transportation under the TIFIA Program, and such other credit ratings as shall be necessary in connection with the financing of Triangle Expressway System.

The motion was seconded by Perry Safran and passed unanimously. Gene Conti reiterated that the fees will be paid from bond proceeds.

*Update on TriEx Financing:* David Joyner distributed a revised plan of finance and noted that legislation to the extend bond refinancing period was pending. Bond sales could take place 4 weeks after the legislation is made law. David Joyner noted that Chairman Conti was in Washington and dealt with a TIFIA issue relating to increased loan fees while he was there. He was able to resolve the issue in our favor. Mr. Joyner thanked him for his efforts.

*Project Updates:* Steve DeWitt provided brief updates on Mid-Currituck, Monroe, and Gaston.

*Build America Bonds:* Grady Rankin explained that “Build America Bonds” were created as part of the stimulus efforts, and while they had not been used in NC to date, it was possible that we could apply them to the TIFIA loan. In order to do that, Board approval would be necessary. Perry Safran then made the following motion:

BE IT RESOLVED by the Board as follows:

Section 1. The Chairman and the Executive Director are each hereby authorized to determine that all or some portion of the State Appropriation Revenue Bonds, the General Revenue Bonds or the TIFIA Loan be designated as Build America Bonds and that the applicable financing be structured to comply with the requirements of such program. In the event that the Authority does designate all or some part of the State Appropriation Revenue Bonds, the General Revenue Bonds or the TIFIA Loan as Build America Bonds, the Chairman, the Vice Chairman, the Executive Director, the Director of Finance and other officers of the Authority are hereby authorized and directed to take such actions as shall be necessary to comply with the program requirements of the Build America Bond Program, including the filing of required elections with the United States Treasury to designate the Bonds as Build America Bonds and to collect interest subsidy payments from the federal government.

Section 2. This Resolution shall take effect upon its passage.

The motion was seconded by Robb Teer and passed unanimously.

*May 20<sup>th</sup> Board meeting:* David Joyner noted that it did not appear that the Board would need to meet on May 20, but given the fluidity of the TriEx financing situation, he asked that the Board maintain flexibility in scheduling meetings as they may be needed. It was agreed that the May 20<sup>th</sup> meeting would be suspended.

The meeting was adjourned at 1:55 pm.

*Minutes prepared by Beth Wise*