UNITED STATES DEPARTMENT OF TRANSPORTATION ("USDOT")
and
NORTH CAROLINA TURNPIKE AUTHORITY ("AUTHORITY")

PROPOSED TERM SHEET FOR TIFIA LOAN AGREEMENT

*The terms set forth herein are based on an understanding of the common terms for a TIFIA Loan Agreement that must be accepted in order to proceed to execution on an expedited basis after final approval of an application for TIFIA credit assistance. The terms in this document are based on the requirements in the Transportation Infrastructure Finance and Innovation Act of 1998 ("**TIFIA**"), 23 U.S.C. § 601 et seq., as supplemented and amended from time to time (the "**Act**") and standard TIFIA practices, and are subject to modification by the USDOT Credit Council. It is understood TIFIA credit assistance is contingent on the credit evaluation of the Authority's financial plan and the execution of a loan agreement (the "**TIFIA Loan Agreement**") with the Authority on terms and conditions acceptable to USDOT.*

The proposed terms of this document are an amalgam of provisions contained in the 2009 TIFIA Loan Agreement to the Authority to finance, in part, its Triangle Expressway, and the current version (January 5, 2016) of Public Borrower Template for a TIFIA Loan Agreement.

Parties and Project

TIFIA LENDER	United States Department of Transportation, acting by and through the Federal Highway Administrator, and its successors and assigns (the "**TIFIA Lender**").
AUTHORITY - BORROWER	The North Carolina Turnpike Authority (the "**Authority**") was created in 2002 by the North Carolina General Assembly as a body corporate and politic and public instrumentality of the State of North Carolina (the "**State**"). By action of the General Assembly in 2009, the Authority became a part of the North Carolina Department of Transportation ("**NCDOT**"), a public agency of the State. The 2009 legislation transferred all of the Authority's powers to the Secretary of NCDOT and the Secretary then delegated to the Authority the power to fix, revise, charge, and collect tolls and fees for turnpike projects, to issue bonds or notes in connection with such projects, to invest the proceeds of bonds or notes pending disbursement, and exercise such additional powers as shall be necessary for the financing of turnpike projects.
PROJECT	The Monroe Expressway (formerly referred to as the Monroe Connector/Bypass, later as the Monroe Bypass and occasionally as the Monroe Connector) runs from US 74 near I-485 in Mecklenburg County, North Carolina, southeast of Charlotte, North Carolina, to US 74 between the towns of Wingate and Marshville in Union County, North Carolina, a distance of approximately 20 miles (the "**Project**"). The Project is expected to improve mobility and capacity within

the area south and east of Charlotte by providing a facility for the US 74 corridor that allows for high-speed regional travel consistent with state goals, while maintaining access to properties along existing US 74.

The Monroe Expressway includes approximately one mile of improvements to existing US 74, including expansion to six lanes and a pair of one-way frontage roads. The remaining 19 miles of the Project is a new location, controlled-access toll road which will consist of four travel lanes with a grass median. The roadway will be an all-electronic toll facility. Interchanges will be located at existing US 74 in Stallings, North Carolina, Indian Trail-Fairview Road, Unionville-Indian Trail Road, Rocky River Road, US 601, NC 200, Austin Chaney Road, and existing US 74 west of Marshville, North Carolina.

The Project is being constructed under one highway design-build contract entered into after a public bidding process. There will be a separate public bidding process for a contract to construct and put in place tolling equipment and related operations.

NO EQUITY SPONSORS

There are no non-governmental entities with an ownership, managerial or other equity or possessory interest in the Project.

Financing Structure

EXISTING PROJECT FINANCING

To date the Authority has financed costs of the Monroe Expressway with (a) proceeds of the Authority's $233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the **"Series 2010A Bonds"**) issued in October, 2010, (b) proceeds of the Authority's $214,505,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2011 (the **"Series 2011 Bonds"** and, together with the Series 2010A Bonds (the **"Authority Appropriation Bonds"**) issued in November, 2011, (c) proceeds of the Authority's $10,000,000 Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2011 (the **"2011 Toll Revenue Bonds"**) issued in November, 2011, (d) State Transportation Improvement Plan and other funds available to NCDOT, and (e) interest earnings on financing proceeds. In addition, certain design and engineering costs, development costs, right-of-way and roadway comprising a portion of the Project and environmental investigation costs are being provided to the Authority by NCDOT.

The Authority Appropriation Bonds are issued under and secured by a Trust Agreement dated as of October 1, 2010 (the "**Appropriation Trust Agreement**"), between the

Authority and Wells Fargo Bank, N.A., as Trustee (the "**Trustee**"). The Series 2011 Toll Revenue Bonds are issued under and secured by a Trust Agreement dated as of November 1, 2011 (the "**2011 Revenue Trust Agreement**"), between the Authority and the Trustee.

CURRENT ESTIMATES FOR PROJECT COST SOURCES AND USES

Consolidated Sources and Uses Estimate:

Source	Cost ($ 000's)
Appropriation Bonds	$448,425
Toll Revenue Bonds	172,908
TIFIA Loan	150,000
STIP	11,421
OIP/OID	35,103
Total	$817,857

Use	Amount ($ 000's)
Construction	$731,150
Capitalized Interest	43,701
Reserve Fund	32,017
Underwriters' Discount	896
Other Costs	10,093
Total	$817,857

PROPOSED AUTHORITY REVENUE BONDS – TO BE ISSUED CONCURRENTLY WITH TIFIA LOAN

The Authority intends to issue Monroe Expressway Turnpike Revenue Bonds, Series 2016, in an amount expected to yield approximately $179,331,000 in proceeds to use for the Project (the "**Toll Revenue Bonds**" or the "**Initial Senior Obligations**"). The Toll Revenue Bonds will be issued under and secured by a Trust Agreement (the "**Revenue Trust Agreement**"), between the Authority and the Trustee to (a) refund the 2011 Toll Revenue Bonds which will cease to be outstanding, and (b), with the proceeds of the TIFIA Loan, provide funds to finance construction completion and related financing costs.

The Revenue Trust Agreement, like the 2011 Revenue Trust Agreement which it will replace upon the refunding of the 2011 Revenue Toll Bonds, will be co-signed by NCDOT to evidence its obligations, subject to appropriation, under certain covenants therein, including to fund construction completion of the Project should the other sources identified above prove insufficient.

Security for Indebtedness

SECURITY FOR AUTHORITY APPROPRIATION BONDS

The Authority Appropriation Bonds are non-recourse special obligations of the Authority, secured by and payable from revenues consisting of an annual appropriation of $24,000,000 to the Authority by the State from the North Carolina Highway Trust Fund, a special fund of the State created for the purpose of funding highway construction (the

"**State Appropriated Revenues**"), the Interest Subsidy Payments received from the United States Department of the Treasury with respect to the Series 2010A Bonds under the "Build America Bond" program(the "**Interest Subsidy Payments**"), and the investment income realized from the investment of amounts held under the Appropriation Trust Agreement. Additionally, the Authority Appropriation Bonds are secured by a debt service reserve fund and by certain other funds, accounts and subaccounts held by the Trustee under the Appropriation Trust Agreement. Payment of the State Appropriated Revenues is subject to annual appropriation by the State and Interest Subsidy Payments are subject to sequestration by the United States Department of the Treasury.

SECURITY FOR TOLL REVENUE BONDS

The Toll Revenue Bonds will be non-recourse obligations of the Authority payable from revenues consisting of (a) amounts remaining from State Appropriated Revenues and Interest Subsidy Payments after payment of debt service and any other costs with respect to the Authority Appropriation Bonds, and (b) all toll and other revenues of the Monroe Expressway.

The Revenue Trust Agreement will provide for a debt service reserve fund for Toll Revenue Bonds fully funded upon issuance of the Toll Revenue Bonds in the amount of the lesser of (a) 10% of the issue price of the Toll Revenue Bonds, (b) the maximum annual debt service due on the Toll Revenue Bonds, or (c) 125% of the average annual debt service due on the Toll Revenue Bonds.

While not direct security for the Toll Revenue Bonds or other Project indebtedness, the Revenue Trust Agreement, like the 2011 Revenue Trust Agreement which it will replace upon the refunding of the 2011 Revenue Toll Bonds, will be co-signed by NCDOT to evidence its obligations, subject to appropriation, under certain covenants therein, including to replenish operating reserve and renewal and replacement funds for use with respect to the Project should the amounts therein or from other sources prove insufficient for such purposes.

TIFIA Loan

INITIAL PRINCIPAL AMOUNT OF THE TIFIA LOAN

The loan made pursuant to the TIFIA Loan Agreement (the "**TIFIA Loan**") shall be in an amount not to exceed [$150,000,000], provided that the maximum original principal amount of the TIFIA Loan shall not exceed the lesser of (i) 33 percent of reasonably anticipated Eligible Project Costs, as defined in the Act or (ii), if the TIFIA Loan does not receive an investment grade rating, the amount of the Toll Revenue Bonds existing on or as of the Effective Date.

TERM	Determination of the final maturity ("**Final Maturity**") of the TIFIA Loan shall be based on the credit evaluation and the useful life of the Project, but in no event shall such maturity be later than the earlier to occur of (x) the 35th anniversary of the projected date of substantial completion of the Project and (y) the estimated expiration of the useful life of the Project, consistent with § 603(b)(5) of the Act.
CREDIT RATINGS	Both the Initial Senior Obligations and the TIFIA Loan must be rated by at least two nationally recognized rating agencies; the Initial Senior Obligations must receive an investment grade rating from at least two nationally recognized rating agencies. Updated ratings on the TIFIA Loan, the Toll Revenue Bonds and any additional obligations issued as secured in parity with the Toll Revenue Bonds (together, the "**Senior Obligations**") must be provided annually until the maturity of the related debt instrument.
TIFIA INTEREST RATE	The TIFIA Loan shall bear interest at a fixed rate (the "**TIFIA Interest Rate**") calculated by adding one basis point (.01%) to the rate of securities of a similar maturity as published on the execution date of the TIFIA Loan Agreement in the United States Treasury Bureau of Public Debt's daily rate table for State and Local Government Series (SLGS) securities, currently located on the internet at https://www.treasurydirect.gov/GA-SL/SLGS/selectSLGS Date.htm; provided that the TIFIA Interest Rate shall not be less than the yield on 30-year United States Treasury securities as of such date. Interest shall be computed on the outstanding TIFIA Loan balance (which shall include any past due interest and any capitalized interest) on the basis of a 365-day or 366-day year, as appropriate, for the actual number of days elapsed and will be compounded semi-annually.
DEFAULT RATE	If the Authority fails to pay when due interest on or principal of the TIFIA Loan, the Authority shall pay interest on such overdue amount from its due date to the date of actual payment at an interest rate of 200 basis points (2.00%) above the TIFIA Interest Rate (the "**Default Rate**"). Upon the occurrence of a Development Default (failure to diligently prosecute the work relating to the Project or complete the Project by the projected date of substantial completion) or an abandonment of the Project, the interest rate on the entire outstanding balance of the TIFIA Loan, including past due payments and capitalized interest, shall be the Default Rate and shall continue to bear interest at the Default Rate until such Development Default or abandonment is cured.
ELIGIBLE PROJECT COSTS	"**Eligible Project Costs**" shall be those costs defined in the

	Act as eligible for Federal participation. Eligible Project Costs shall be verified by the TIFIA Lender and must be consistent with U.S.C. title 23 for highways and chapter 53 of title 49 for public transportation, for third-party contracts, 48 C.F.R. Part 31.105 relating to construction and architect-engineer contracts and the cost principles in 48 C.F.R. Part 31.2.
PROJECT REVENUES	The TIFIA Loan shall be repayable in whole or in part from revenues of the Project ("**Revenues**"), as determined in accordance with generally accepted accounting principles; provided, however, that revenues shall include, without limiting the generality of the foregoing: (a) all toll revenues, payments, proceeds, fees, charges, rents and all other income derived by or for the Authority from the ownership and operation of the Project, and all rights to receive the same, whether in the form of accounts receivable, contract rights or other rights, and the proceeds of such rights whether now owned or held or hereafter coming into existence; (b) Interest Subsidy Payments; provided, however, that Interest Subsidy Payments with respect to Authority Appropriation Bonds shall not constitute revenues until such time as such amounts are withdrawn from the Appropriation Trust Agreement and deposited to the Revenue Trust Agreement; (c) proceeds of use and occupancy or business interruption insurance and amounts received by the Authority from any contractor as liquidated damages for failures of such contractor to complete its contractual commitment in accordance with the terms of the contract; (d) proceeds of any appropriation made by the federal government or any agency or instrumentality thereof or the State or any agency, instrumentality or political subdivision thereof for use in connection with the Project, to the extent such proceeds are deposited in the revenue fund under the Revenue Trust Agreement and are available for use including, without limitation, the State Appropriated Revenues; provided, however, that State Appropriated Revenues shall not constitute revenues until such time as such amounts are withdrawn from the Appropriation Trust Agreement and deposited to the Revenue Trust Agreement or there are no Authority Appropriation Bonds outstanding; (e) any derivative agreement payments received by the Authority under any derivative agreement; and (f) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority; but there shall not be included: (i) the proceeds of any gifts, grants, bequests, contributions or donations; (ii) the proceeds from the sale or disposition of all or any part of the Project; (iii) reimbursements received by the Authority of advances made by it in respect of the Project, any refinancing thereof and any capital improvements thereto; (iv) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on

behalf of the Authority in any funds, accounts and subaccounts established pursuant to the Revenue Trust Agreement (other than the revenue fund), except to the extent that such investment income is transferred by the Authority to the revenue fund. (v) any payments received or revenues derived from the ownership or operation of any asset other than the Project, except to the extent expressly included as revenues by resolution adopted by the Authority; (vi) net insurance proceeds or eminent domain proceeds other than the net proceeds of any use and occupancy or business interruption insurance; (vii) proceeds of any appropriation made by the federal government or any agency or instrumentality thereof or the State or any agency, instrumentality or political subdivision thereof to the extent the use of such funds is limited to a use that is inconsistent with their use as revenues under the provisions of the Revenue Trust Agreement; (viii) the income from the investment of escrow funds to the extent such income is applied to the payment of the principal of or the interest on indebtedness; (ix) the proceeds of any security deposits or moneys received to make refunds to users of the Project; (x) the proceeds of any indebtedness of the Authority; and (xi) any amounts paid to NCDOT and not the Authority unless there are specific indications such amounts are with respect to the Project.

SECURITY AND PRIORITY

The TIFIA Loan shall be secured by a security interest in Revenues subordinated to debt service on the Senior Obligations in the application of the cashflow waterfall (but will be deemed to be and will automatically be on parity in all respects with the Senior Obligations upon a Bankruptcy Related Event, as defined hereafter):

The Trustee shall withdraw and apply all Revenues in the following order: (a) for interest on all Senior Obligations and senior parity debt including scheduled payments on senior derivative agreements; (b) for principal on all Senior Obligations and senior parity debt; (c) for deficiencies in any debt service reserve fund for Senior Obligations or senior parity debt; (d) for interest on the TIFIA Loan, all other subordinate obligations and subordinate parity debt including scheduled payments on subordinate derivative agreements; (e) for principal on the TIFIA Loan, all other subordinate obligations and subordinate parity debt; (f) for deficiencies in any debt service reserve fund for the TIFIA Loan, all other subordinate obligations and subordinate parity debt; (g) budgeted operations and maintenance expenses; (h) for an operating reserve fund or, once funded, any deficiencies therein; (i) for budgeted renewal and replacement costs; (j) for repayment to NCDOT of amounts paid under the obligation to fund, if necessary, construction completion or operations costs, including renewals and replacements; (k) any amounts due on junior indebtedness; and, after the above, for deposit to the Authority's general fund.

BANKRUPTCY RELATED EVENT

"**Bankruptcy Related Event**" means, with respect to the Authority, (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Authority or any of its debts, or of a substantial part of the assets thereof, under any insolvency laws, or (ii) the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official for the Authority or for a substantial part of the assets thereof and, in any case referred to in (i) or (ii), such proceeding or petition shall continue undismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall be entered; (b) the Authority shall (i) apply for or consent to the appointment of a receiver, trustee, liquidator, custodian, sequestrator, conservator or similar official therefor or for a substantial part of the assets thereof, (ii) generally not be paying its debts with respect to the Project as they become due unless such debts are the subject of a bona fide dispute, or become unable to pay its debts generally as they become due, (iii) solely with respect to the Authority, fail to make two (2) consecutive payments of TIFIA debt service in accordance with the provisions of the TIFIA Loan Agreement, (iv) make a general assignment for the benefit of creditors, (v) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition with respect to it described in clause (a) of this definition, (vi) commence a voluntary proceeding under any insolvency law, or file a voluntary petition seeking liquidation, reorganization, an arrangement with creditors or an order for relief under any insolvency law, (vii) file an answer admitting the material allegations of a petition filed against it in any proceeding referred to in (i) through (vi), inclusive, of this clause (b), or (viii) take any action for the purpose of effecting any of the foregoing, including seeking approval or legislative enactment by the State to authorize commencement of a voluntary proceeding under any insolvency law; (c) the Trustee shall (i) commence a process pursuant to which all or a substantial part of the trust estate under the Revenue Trust Agreement may be sold or otherwise disposed of in a public or private sale or disposition pursuant to a foreclosure of the liens thereon securing the Senior Obligations, or (ii) commence a process pursuant to which all or a substantial part of the trust estate under the Revenue Trust Agreement may be sold or otherwise disposed of pursuant to a sale or disposition of such trust estate in lieu of foreclosure; or (d) the Trustee shall transfer, pursuant to directions issued by the holders of Senior Revenue Bonds, funds on deposit under the Revenue Trust Agreement upon the occurrence and during the continuation of an Event of Default under the Revenue Trust Agreement for application to the prepayment or repayment of any principal amount of the Senior Obligations other than in accordance with the provisions of the Revenue Trust Agreement.

TIFIA RESERVE FUND	The TIFIA Loan Agreement will provide for a debt service reserve fund fully funded upon the execution thereof in the amount of the lesser of (a) 10% of the amount of the TIFIA Loan, (b) the maximum annual TIFIA debt service, or (c) 125% of the average annual TIFIA debt service.
SUBSTANTIAL COMPLETION DATE	The "**Substantial Completion Date**" for the Project will be defined as the date on which the Project is open to vehicular or passenger traffic, or a comparable event as determined by the TIFIA Lender.
INDEPENDENT ENGINEER	An Independent Engineer ("**IE**") shall be retained by the Authority during the construction period and shall advise the TIFIA Lender with regard to construction related matters. Provisions related to the replacement of the IE will be included in the TIFIA Loan Agreement. The Authority shall pay for all services performed by the IE. The IE required under the TIFIA Loan Agreement may be the same entity as the IE or Technical Advisor engaged by the Trustee or the underwriters for the Toll Revenue Bonds.
TIFIA DEBT SERVICE PROFILE	The TIFIA debt service profile will be dependent on Project cash flows and may include periods of deferred principal and interest, interest only, sculpted amortization, and mandatory and scheduled repayments.
CONDITIONS PRECEDENT	The TIFIA Loan Agreement shall contain conditions precedent typical for a transaction of this nature. The TIFIA Loan Agreement shall not become effective, nor shall the TIFIA Lender have any obligation to make disbursements of TIFIA Loan proceeds to the Authority, until such conditions precedent, are satisfied, in form and substance satisfactory to the TIFIA Lender. Conditions precedent for the initial disbursement shall address, inter alia, the following issues:

1. Execution and delivery of finance and security documents;
2. Legal opinion of Authority's counsel and bond counsel;
3. Delivery of copies of Revenue Trust Agreement and related documents;
4. Delivery of non-debarment certificate;
5. Evidence and satisfaction of 23 USC §§ 134 & 135 requirements;

6. Evidence of required ratings;
7. Delivery of executed traffic and revenue study;
8. Delivery of Authority's authorized representative certificate;
9. Demonstration of sufficiency of funds in Base Case Projections;
10. Delivery of copies of executed Material Project Documents;
11. Written confirmation of all required permits and approvals;
12. Delivery of certified schedule as to sufficient cash flows for TIFIA debt service;
13. Completed arrangements to pay TIFIA Lender for its fees and expenses;
14. Evidence of compliance with NEPA;
15. Delivery by TIFIA of the TIFIA Lender's authorized representative certificate;
16. Delivery of draw schedule and funding sources for Project elements;
17. Delivery of other related documents as required by the TIFIA Lender;
18. Evidence of DUNS number, central contractor registration and federal tax identification number;
19. Delivery of satisfactory Base Case Financial Model; and
20. Delivery of the initial financial plan reflecting no amortization of Senior Obligations until all currently accruing TIFIA interest is being paid.

"**Base Case Projections**", **Material Project Documents**" and "**Base Case Financial Model**" are defined on Exhibit A.

Conditions precedent for each disbursement shall address, inter alia, the following issues:

1. No event of default;
2. Confirmation of representations and warranties;
3. Total federal assistance does not exceed 80% of Eligible Project Costs.

REPRESENTATIONS AND WARRANTIES OF THE AUTHORITY

The TIFIA Loan Agreement shall contain representations and warranties from the Authority typical for a transaction of this nature. Such representations and warranties shall address, inter alia, the representations and warranties matters listed below. The representations and warranties shall be made as of the date of execution of the TIFIA Loan Agreement and, in most cases, as of each date on which any disbursement of the TIFIA Loan is made.

1. Organization, valid existence and good standing;
2. Authorization of signatory;
3. Corporate authorization; enforceability;
4. No conflicts; compliance with laws;
5. Required consents; authorizations and permits;
6. No material litigation;
7. No suspension or debarment;
8. NEPA requirements;
9. State and metropolitan transportation improvement plans;
10. Credit ratings;
11. No default;
12. Effectiveness of and no defaults under Material Project Contracts;
13. Compliance with applicable laws; OFAC regulations;
14. Environmental matters;
15. Sufficiency of rights and utilities; sufficiency of funds
16. Insurance;
17. Title to personal property; absence of liens
18. Intellectual property rights;
19. Financial statements;
20. Taxes; ERISA;
21. Transactions with affiliates; and
22. Total federal assistance does not exceed 80% of Eligible Project Costs.

RESTRICTED PAYMENT TEST

There shall be no distribution from amounts derived from the Project in the Authority's general fund for any asset other than the Project or improvements or additions thereto unless and until all of the following conditions have been met: (i) the first date payment is due on the TIFIA Loan has occurred; (ii) TIFIA debt service is being paid on a current basis; (iii) the TIFIA debt service reserve fund is fully funded; (iv) all amounts owed to NCDOT for repayment of amounts paid under the obligation to fund, if necessary, construction completion or operations costs, including renewals and replacements, have been paid; (v) the Authority delivers a

	certificate to TIFIA demonstrating that after such distribution the Senior Debt Service Coverage Ratio will be at least ____%, the Total Debt Service Coverage Ratio will be at least ____%, and the Loan Life Coverage Ratio will be at least ____%; and (vi) there is no Event of Default under the TIFIA Loan Agreement or the Revenue Trust Agreement. "**Senior Debt Service Coverage Ratio**" and "**Total Debt Service Coverage Ratio**" will be as defined in the Revenue Trust Agreement. "**Loan Life Coverage Ratio**" is defined on Exhibit A.
NEGATIVE AMORTIZATION OF TIFIA LOAN	The financial plan required within 60 days after execution of the TIFIA Loan Agreement shall not reflect amortization of Senior Obligations until all currently accruing TIFIA interest is being paid.
RATE COVERAGE TEST	All applicable rates and charges will be fixed such that in each fiscal year for the Project, the Senior Debt Service Coverage Ratio will be at least ____% and the Total Debt Service Coverage Ratio will be at least ____%. The TIFIA Lender shall require a remedial plan if Revenues are inadequate to comply with the rate coverage test.
PREPAYMENT	The Authority may prepay the TIFIA Loan in whole or in part (and, if in part, the principal installments and amounts thereof to be prepaid shall be determined by the Authority; provided, however, that such prepayments shall be in the principal amounts of $1,000,000 or any integral multiple thereof), at any time or from time to time, without penalty or premium, by paying to the TIFIA Lender such principal amount of the TIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment.
ADDITIONAL SENIOR DEBT	Additional Senior Obligations may be issued to finance (a) all or any part of the cost of the Project or additions or improvements thereto, or (b) the cost (including financing costs) of refunding any Senior Obligations, parity debt or any other indebtedness of the Authority provided before such additional Senior Obligations shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Trustee and the TIFIA Lender, evidence of compliance with the following provisions of the Revenue Trust Agreement: (i) Long-Term Indebtedness constituting Senior Lien Indebtedness may be incurred if prior to incurrence there is delivered to the Trustee: (A) an Officer's Certificate certifying that the Authority was in compliance with the rate covenant for the most recent fiscal year; (B) a report of a Traffic Consultant stating that for each fiscal year next succeeding the date on which such Long-Term Indebtedness

is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Adjusted Revenues in each such fiscal year is at least ___% of the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Long-Term Indebtedness constituting Senior Lien Indebtedness (excluding any Long-Term Indebtedness constituting Senior Lien Indebtedness to be refunded by the Long-Term Indebtedness to be incurred) and the Long-Term Indebtedness proposed to be incurred; (C) a report of a Traffic Consultant stating that for each fiscal year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Adjusted Revenues is at least ___% of the sum of (1) the Adjusted Long-Term Debt Service Requirement with respect to all Outstanding Senior Lien Indebtedness and Subordinate Lien Indebtedness (excluding any Long-Term Indebtedness to be refunded by the Long-Term Indebtedness to be incurred) and the Long-Term Indebtedness to be incurred and (2) the amounts to be deposited in such fiscal year to the Senior Lien Reserve Fund and the Subordinate Lien Reserve Fund; (D) a report of a Traffic Consultant showing that for each fiscal year next succeeding the date on which such Long-Term Indebtedness is incurred through the final maturity date of any Long-Term Indebtedness, the forecasted Revenues in each fiscal year will be sufficient to make all of the deposits in each such fiscal year required for the revenue fund; and (E) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by Fitch, Moody's or S&P;

(ii) Completion Indebtedness constituting Senior Lien Indebtedness may be incurred in an amount not exceeding __% of the aggregate principal amount of the Long-Term Indebtedness constituting Senior Lien Indebtedness originally incurred by the Authority to finance the costs of the Project or any improvements or additions thereto; provided, however, that prior to the incurrence of such Completion Indebtedness, the Authority shall furnish to the Trustee and the TIFIA Lender (i) a certificate of a licensed architect or engineer estimating the costs of completing the facilities for which such Completion Indebtedness is to be incurred and (ii) an Officer's Certificate certifying that the amount of such Completion Indebtedness to be incurred will be sufficient, together with other funds, if applicable, to complete construction of the facilities as estimated by the architect or engineer in respect of which such Completion Indebtedness is to be incurred and (iii) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by such credit rating agency;

(iii) Long-Term Indebtedness constituting Senior Lien Indebtedness may be incurred for the purpose of refunding all or any part of any Outstanding Long-Term Indebtedness constituting Senior Lien Indebtedness so as to render it no longer Outstanding if prior to incurrence thereof, an Officer's Certificate is delivered to the Trustee and the TIFIA Lender (i) stating that the proceeds of such Long-Term Indebtedness, together with interest earnings on the Defeasance Obligations to be acquired and other available funds, will be sufficient to pay the principal of and interest and any premium on the Long-Term Indebtedness to be refunded to the redemption or maturity date or dates and the expenses incident to the refunding, and (ii) stating that either (A) the Adjusted Long-Term Debt Service Requirement for each fiscal year thereafter on account of all Long-Term Indebtedness constituting Senior Lien Indebtedness to be Outstanding after the incurrence of such Long-Term Indebtedness to accomplish the refunding and after the refunding of such Long-Term Indebtedness will not be greater than ___% of the amount determined immediately prior to the incurrence of such Long-Term Indebtedness to accomplish such refunding, or (B) the incurrence of such Long-Term Indebtedness to accomplish the refunding will satisfy the requirements of subsection (i) above and (iii) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by at least one nationally recognized securities credit rating agency;

(iv) Short-Term Indebtedness constituting Senior Lien Indebtedness may be incurred if, (i) immediately after the incurrence of such Short-Term Indebtedness, the Outstanding principal amount of all Short-Term Indebtedness constituting Senior Lien Indebtedness does not exceed $_____________; provided, however, that for a period of twenty (20) consecutive calendar days in each fiscal year, no such Short-Term Indebtedness shall be Outstanding, (ii) the proceeds of the Short-Term Indebtedness are to be used to pay Operating Expenses, and (iii) evidence that such Senior Lien Indebtedness will be rated at an investment grade rating by Fitch, Moody's or S&P nationally recognized securities credit rating agency; and

(v) Put Indebtedness constituting Senior Lien Indebtedness may be incurred if prior to the incurrence of such Put Indebtedness (i) the conditions described in subsections (i), (ii) or (iii) are met and (ii) a Credit Facility exists to provide financing sufficient to pay the purchase price or principal of such Put Indebtedness on any date on which the owner or holder of such Put Indebtedness may demand payment thereof pursuant to the terms of such Put Indebtedness.

The following terms will be as defined in the Revenue Trust Agreement:

"**Senior Lien Indebtedness**", "**Officer's Certificate**", "**Traffic Consultant**", "**Long-Term Indebtedness**", “**Adjusted Revenues**”, “**Adjusted Long-Term Debt Service Requirement**”, “**Subordinate Lien Indebtedness**”, “**Senior Lien Reserve Fund**”, “**Subordinate Lien Reserve Fund**”, “**Completion Indebtedness**”, “**Defeasance Obligations**”, “**Short-Term Indebtedness**”, “**Operating Expenses**”, “**Put Indebtedness**” and “**Credit Facility**” shall be as defined in the Revenue Trust Agreement.

PERMITTED INVESTMENTS

Amounts under the Revenue Trust Agreement may only be invested in the following, to the extent permitted by then existing State law (see NCGS Section 147-69.1):

(1) Obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; (2) obligations of the Federal Financing Bank, the Federal Farm Credit Bank, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Fannie Mae, the Government National Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the United States Postal Service, the Export-Import Bank, the International Bank for Reconstruction and Development, the International Finance Corporation, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, and the Student Loan Marketing Association; (3) repurchase Agreements with respect to one or more of the following: a. securities issued or guaranteed by the United States government or its agencies, b. securities eligible for investment by this section executed by a bank or trust company or by primary or other reporting dealers to the Federal Reserve Bank of New York, or c. securities eligible for investment by this section executed by a registered broker-dealer that is subject to the rules and regulations of the U.S. Securities and Exchange Commission and is a member in good standing of the Financial Industry Regulatory Authority; (4) obligations of the State; (5) certificates of deposit and other deposit accounts of financial institutions with a physical presence in the State for the purpose of receiving commercial or retail deposits; provided that any principal amount of such deposit in excess of the amount insured by the federal government or any agency thereof, be fully secured by surety bonds, or be fully collateralized; provided further that the rate of return or investment yield may not be less than that available in the market on United States government or agency obligations of comparable maturity; (6) prime quality commercial paper bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligation; (7) bills of exchange or time drafts drawn on and accepted by a commercial bank and eligible for use as collateral by member banks in borrowing from a federal reserve bank, provided that the accepting bank

or its holding company is either (i) incorporated in the State or (ii) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service and not bearing a rating below the highest by any nationally recognized rating service which rates the particular obligations; (8) asset-backed securities (whether considered debt or equity) provided they bear the highest rating of at least one nationally recognized rating service and do not bear a rating below the highest rating by any nationally recognized rating service which rates the particular securities; or (9) corporate bonds and notes provided they bear the highest rating of at least one nationally recognized rating service and do not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation.

Except for the debt service reserve funds, investment obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and subaccounts will be required for the purposes intended. Investment obligations in the debt service reserve funds shall (a) mature or (b) be redeemable at the option of the holder of such investment obligation so that all such investment obligations shall have an average life of not more than ten (10) years after the date of such investment. Notwithstanding the forgoing, no investment obligations shall mature on a date beyond the latest maturity date of the respective Senior Indebtedness. The maturity date of any repurchase agreement shall be deemed to be the stated maturity date of such agreement and not the maturity dates of the underlying obligations.

HEDGING

To protect against fluctuations in interest rates, the Authority shall make arrangements for a hedge or hedges to be in place and maintained with respect to the Senior Obligations during any period in which the Senior Obligations bear interest at a variable interest rate. Such hedging arrangements must be in full force and effect at financial close and have an aggregate stated notional amount of not less than 98% and not more than 102% of the aggregate principal amount of the variable interest rate Senior Obligations incurred at financial close and projected to be outstanding during the term of the qualified hedges and have a stated maturity or termination date not earlier than the final maturity date of the TIFIA loan.

Each qualified hedge shall provide for a fixed interest rate or interest rate cap resulting in fixed payment amounts payable by the Authority which fixed or cap rate, when (in the case of bank loans) taken together with the Bank Lending Margin (a margin to be stated in the TIFIA Loan Agreement), shall be a rate which is less than or equal to the Loan Underwriting Rate. The "**Loan Underwriting Rate**" means for any period: 1) in the case of bank loans, the sum of the long-term fixed swap rate plus the swap margin plus the Bank Lending Margin, or 2) in the case of bonds, the long-term fixed swap rate.

TIFIA Lender consent shall be required for the process for selecting a subsequent qualified hedge and a third party fair price certificate shall be required. Further, as described below, TIFIA may consider a hedging reserve fund or a hedging acquisition fund in lieu of or in addition to a subsequent qualified hedge.

Acceptable hedges are:

1. floating to fixed interest rate swaps at or below the Loan Underwriting Rate; and
2. interest rate caps at or below the Loan Underwriting Rate.

Acceptable hedges may include "rolling hedges" with a stated termination date of at least one year. A hedging reserve fund acceptable to the TIFIA Lender will be required for the replacement of any hedge whose maturity is less than that of the Senior Obligations being hedged. Hedge providers must be rated in the A category or higher by a nationally recognized rating agency.

Approval of any alternative to a fully hedged strategy or waiver of any hedging requirement is at the sole option and discretion of the TIFIA Lender.

TIFIA DISBURSEMENTS

Disbursements shall be made no more frequently than monthly to the Authority to reimburse Eligible Project Costs incurred in connection with the Project pursuant to requisition procedures set forth in the TIFIA Loan Agreement and subject to the Authority's compliance with disbursement conditions. All disbursement requests must be received by the TIFIA Lender on or before the first business day of a calendar month in order to obtain a disbursement by the fifteenth day of such calendar month or if such day is not a business day, the next succeeding business day.

The Authority shall provide an annual, cumulative schedule of projected disbursements prior to the TIFIA Loan Agreement execution date, such schedule to be included in the TIFIA Loan Agreement. The Authority may modify such schedule upon written notice to the TIFIA Lender.

Monthly disbursements shall be on a pro rata basis with disbursements of the proceeds of the Senior Obligations, unless otherwise agreed to by the TIFIA Lender and

Authority. No disbursements shall be made more than one year after the Substantial Completion Date.

EVENTS OF DEFAULT AND REMEDIES

Events of Default under the TIFIA Loan Agreement shall include but not be limited to:

1. The Authority shall fail to pay any principal amount of or interest on the TIFIA Loan when and as the payment thereof shall be required under the TIFIA Loan Agreement.
2. The Authority fails to comply with any covenants, agreements or obligations under the TIFIA Loan Agreement or any related agreement, in each case after a permitted 30 day cure period provided, however, that if it is not possible to correct such breach within such 30-day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such period and diligently pursued until such breach is corrected.
3. The occurrence of a Development Default.
4. Any of the Authority's representations, warranties or certifications made in the TIFIA Loan Agreement or any related agreement shall prove to have been false or misleading in any material respect when made or deemed made (or any representation and warranty that is subject to a materiality qualifier shall prove to have been false or misleading in any respect) with certain exceptions (such as non-intentional, etc.).
5. The occurrence of an event of default by the Authority under the Revenue Trust Agreement if the effect thereof is to permit acceleration of amounts due on Senior Obligations.
6. A Bankruptcy Related Event occurs.
7. The Project shall be abandoned, or the operation of the Project shall cease for a period in excess of 180 days (other than for force majeure events covered by insurance).
8. A judgment in excess of $1 million and not otherwise covered by insurance is rendered against the Authority and remains undischarged for 30 days.
9. Authority fails to maintain its existence as an entity authorized to own the Project and issue bonds therefor.

Upon the occurrence of an Event of Default under the TIFIA Loan Agreement, the TIFIA Lender may take any one or more of the following actions, at its sole option and discretion:

1. For a Development Default, (i) immediately cease making disbursements; (ii) pursue such other remedies as provide in the TIFIA Loan Agreement; and (ii) require repayment of any unexpended TIFIA Loan proceeds previously disbursed to the Authority.
2. For a Bankruptcy Related Event immediately cease making disbursements.
3. For any Event of Default (a) institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid under the TIFIA Loan Agreement or related documents, (b) prosecute any judgment or final decree against the Authority, (c) have all the rights and remedies of a secured creditor under the UCC and (d) take whatever action by law or in equity as may appear necessary or desirable to collect the amounts payable by the Authority, then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Authority, including termination of the TIFIA Loan Agreement.
4. Suspend or debar the Authority or any of its principals from further participation in any program administered by the TIFIA Lender and to notify other departments and agencies of such default.

No action pursuant to an Event of Default shall relieve the Authority from its obligations pursuant to the TIFIA Loan Agreement, all of which shall survive any such action.

ANNUAL RATING	The Authority shall, commencing on [●], no later than the last business day of [●] of each year over the term of the TIFIA Loan, provide the TIFIA Lender with a credit rating on the Senior Obligations and the TIFIA Loan from a nationally recognized rating agency.
INDEMNIFICATION	To the extent permitted by law, the Authority shall indemnify and hold the TIFIA Lender harmless from and against any and all claims arising in connection with (i) execution and delivery of the TIFIA Loan Agreement and related documents, (ii) the TIFIA Loan or the use of any proceeds thereof, or (iii) the violation of any applicable law or regulation, except to the extent directly arising from the TIFIA Lender's gross negligence or willful misconduct.
ASSIGNABILITY AND SALE	The TIFIA Lender in its sole discretion may grant the Authority the right to sell or assign its rights in and to the Project as well as its rights and obligations under this Term Sheet and the TIFIA Loan Agreement, upon terms and conditions which are acceptable to the TIFIA Lender in its sole discretion and subject to such additional terms and conditions as the TIFIA Lender may require.

SALE OF TIFIA LOAN

After the Substantial Completion Date, the TIFIA Lender may sell the TIFIA Loan or any portion thereof to another entity or offer the TIFIA Loan into the capital markets. In making such sale or offering of the TIFIA Loan the TIFIA Lender shall not change the original terms and conditions of the TIFIA Loan without the prior written consent of the Authority. The TIFIA Lender shall provide at least sixty (60) days' notice to the Authority of any intention to sell or offer the TIFIA Loan. The TIFIA Lender and the Authority agree that for so long as any Senior Obligations remain outstanding, the provisions in the TIFIA Loan Agreement which provide that the TIFIA Loan will be deemed to be and will automatically be on parity with the Senior Obligations upon a Bankruptcy Related Event shall be of no force or effect following the sale of the TIFIA Loan to any third party other than for a sale made to a U.S. Federal government agency or instrumentality, in which event, the U.S. Federal Government shall have the same benefits with respect to a Bankruptcy Related Event as the TIFIA Lender.

ACCOUNTING AND INFORMATION AND REPORTING OBLIGATIONS

The TIFIA Loan Agreement shall include, *inter alia*, the following monitoring and reporting requirements:

1. Annual independently audited financial statements;
2. Semiannual unaudited financial statements;
3. Quarterly construction progress and budget reports and/or Independent Engineer's construction reports;
4. Quarterly financial reports during operations;
5. TIFIA's right to monitor;
6. TIFIA's rights to examine books;
7. TIFIA's right to conduct independent financial audits;
8. Certificates of completion and substantial completion reports;
9. Required permits;
10. Authority's annual certified financial plans during construction (initially due within 60 days after the execution date), including:
    a. Cost and budget information including any deviations;
    b. Scheduling and milestone information including any deviations;
    c. Current estimates of sources and uses of funds for the Project;
    d. Updated financial model and cashflow projections including Senior Debt Service

Coverage and Total Debt Service Coverage projections through final maturity;

e. Changes in disbursement schedule;

f. Cost containment measures and risk mitigation strategies;

g. Notification of change orders in excess of $5,000,000 and satisfaction of criteria for such change orders;

h. Written narrative report describing progress since initial financial plan and most recent financial plan and supporting information;

11. Authority's annual certified financial plans following the Substantial Completion Date, including:

    a. Detailed cash flow projections and narrative identifying changes and any potential shortfalls;

    b. Detailed reports of revenues received, amounts deposited into each project account, and account balances;

    c. Updated financial model (including basis for any assumption changes) and schedule of actual and projected revenues, expenses and Debt Service Coverage Ratios for Senior Obligations and TIFIA Loan;

    d. Written narrative report describing variances since initial financial plan and most recent financial plan and supporting information;

12. Copies of material contracts entered into;

13. Notification of material insurance claims;

14. Notification of any default or event that could be expected to result in a material adverse effect;

15. Annual ratings of Senior Obligations and TIFIA Loan;

16. If applicable, traffic and operating reports on a quarterly basis; and

17. Updated financial models and financial statements on dates as required by the TIFIA Lender.

The TIFIA Lender shall also be provided with such information as is: (1) required, from time to time, to be provided by the Authority pursuant to the Revenue Trust Agreement; (2) provided by the Authority to any nationally recognized rating agencies providing credit ratings for the Project and/ or its debt; and (3) received by the Authority from any nationally recognized rating agencies providing credit ratings for the Project and/ or its debt.

DOLLARS

All references to dollar amounts in this term sheet are references to United States dollars.

FEES AND EXPENSES

The Authority shall be responsible for paying to the TIFIA Lender the following fees and expenses:

1. Commencing in Federal Fiscal Year (FFY) [●] and continuing thereafter each year throughout the term of the TIFIA Loan Agreement, the Authority shall pay to the TIFIA Lender a loan servicing fee on or before the 15th of November. The TIFIA Lender shall establish the amount of this annual fee, and the Servicer shall notify the Authority of the amount, at least 30 days before payment is due.

In establishing the amount of the fee, the TIFIA Lender will adjust the previous year's base amount utilizing the CPI. For the FFY [●] calculation, the TIFIA Lender will use the FFY [●] base amount of $[●], which applies to other TIFIA borrowers, as the previous year's base amount. The TIFIA Lender will calculate the percentage change in the CPI, before seasonal adjustment, from August of the previous year to August of the current year and will then adjust the previous year's base amount in proportion to the CPI percentage change. To calculate the amount of the fee, the TIFIA Lender shall round the current year's base amount using increments of $500. Results with the ending integers between 250-499 or between 750-999 shall be rounded upward, and results with the ending integers between 001-249 or between 501-749 shall be rounded downward. The CPI adjustments in the following years shall begin with the base amount, not the rounded fee.

The Authority shall cooperate and respond to any reasonable request of the TIFIA Lender or its designated loan servicer (the "Servicer") for information, documentation or other items reasonably necessary for the performance by the Servicer of its duties hereunder.

2. The Authority agrees, whether or not the transactions hereby contemplated shall be consummated, to reimburse the TIFIA Lender on demand from time to time on and after the date hereof for any and all fees, costs, charges and expenses actually incurred by it (including the reasonable fees, costs and expenses of counsel and other advisors) in connection with the negotiation, preparation, execution, delivery and performance of the TIFIA Loan Agreement and the other related documents and the transactions hereby and thereby contemplated, including without limitation, reasonable attorney's, engineer's, and planning fees and professional costs, including all

such fees, costs and expenses actually incurred as a result of or in connection with: (i) the enforcement of or attempt to enforce any provision of the TIFIA Loan Agreement or any of the other related documents; (ii) any amendment or requested amendment of, or waiver or consent or requested waiver or consent under or with respect to, the TIFIA Loan Agreement or any of the other related documents, or advice in connection with the administration of the TIFIA Loan Agreement or any of the other related documents or the rights of the TIFIA Lender thereunder; and (iii) any work-out, restructuring or similar arrangement of the obligations of the Authority under the TIFIA Loan Agreement or the other related documents during the pendency of one or more Events of Default.

3. The obligations of the Authority under the TIFIA Loan Agreement shall survive the payment or prepayment in full or transfer of the TIFIA Loan, the enforcement of any provision of the TIFIA Loan Agreement or the other related documents, any amendments, waivers or consents, any Event of Default, and any workout, restructuring or similar arrangement.

Exhibit A

Definitions

Base Case Projections means the initial forecast for the Project prepared as of the execution date using the Base Case Financial Model.

Base Case Financial Model – the financial model delivered on the execution date and prepared by the Authority forecasting the revenues and expenditures of the Project for time periods through the final maturity of the TIFIA Loan and based upon assumptions and methodology provided by the Authority and acceptable to the TIFIA Lender.

Loan Life Coverage Ratio – for any calculation date the ratio of (i) the net present value of the Net Cash Flow for the remaining term of the TIFIA Loan, discounted at the weighted average cost to (ii) the sum of: (a) the outstanding balance of the Senior Obligations and (b) the outstanding balance of the TIFIA Loan.

Material Project Documents – shall include inter alia, the construction documents, the Revenue Trust Agreement and any performance support or parent guaranties related to the aforementioned documents.

Net Cash Flow means, with respect to any period, an amount equal to (a) all Revenues received by the Authority during such period (excluding liquidated damages (other than delay liquidated damages), loss proceeds, and other extraordinary non-recurring items) minus (b) all operations and maintenance expenses paid during such period, minus (c) [other applicable items].