



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
Monday, November 1, 2010

Members via phone: Gene Conti, Chairman
Perry Safran
Robb Teer
Anthony Fox
Bob Clay
James Ferebee
Al Swanstrom

Members absent: John Collett
David Redwine

Also present: David Joyner, Executive Director

Secretary Gene Conti called the meeting to order at 8:30 am. Secretary Conti read the State Ethics Act statement and declared that a quorum was present.

Grady Rankin discussed the Monroe Connector/Bypass financing and stated that the construction bids came in \$125 million below the capital value being used in the plan of finance. William McBride discussed the resolutions regarding request to the LGC for approval to issue the remaining appropriation bonds and the toll revenue bonds. (See attached resolutions.)

Action Item: Robb Teer made the following motion: *I move that the Board adopt the Toll Revenue Bond Issuance Resolution as presented.* The motion was seconded by James Ferebee and approved unanimously.

Action Item: Al Swanstrom made the following motion: *I move that the Board adopt the Appropriation Bond Issuance Resolution as presented.* The motion was seconded by Anthony Fox and approved unanimously.

Grady Rankin discussed the Monroe financing schedule. He stated that the NCTA will go before the Local Government Commission (LGC) on November 2nd for approval to issue the remaining appropriation bonds and the toll revenue bonds. The Board will be asked at the November 4th Board meeting to approve the bond orders for these bonds. The credit ratings for the toll revenue bonds are expected on November 15th. He stated that there are various bond documents being finalized and that the Board should expect to receive these

for their review. Institutional pricing will be December 9th, and the closing is scheduled for December 22nd.

Mr. Rankin discussed the effect of the lower construction costs on the Monroe Plan of Finance. He stated that the appropriation bonds will not need a 40-year term which was a concern raised by the LGC. Mr. Rankin also discussed that the toll revenue bonds term may decrease as well. He also stated that this will increase coverage ratios and reserves to reduce potential impact to NCDOT. Al Swanstrom asked that NCTA staff address the question about why the engineer's estimate was significantly higher than the actual low construction bid at the November 4th Board meeting.

The meeting was adjourned at 8:45 am.

Minutes prepared by Jillian Bliss.

**RESOLUTION AUTHORIZING ISSUANCE OF THE AUTHORITY'S DECEMBER
APPROPRIATION REVENUE BONDS, SERIES 2010**

WHEREAS, the North Carolina Turnpike Authority (the "*Authority*") is duly organized and existing under the laws of the State of North Carolina (the "*State*") within the State Department of Transportation, and is authorized under Article 6H (Turnpike Authority and Toll Projects) of Chapter 136, as amended (the "*Act*"), of the North Carolina General Statutes (the "*NCGS*") and The State and Local Government Revenue Bond Act, Article 5 of Chapters 159, as amended, of the NCGS (the "*Revenue Bond Act*"), to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects," as defined in the Act;

WHEREAS, the Secretary of Transportation, pursuant to Section 143B-10 and 143B-349 of the NCGS, has delegated to the Board of the Authority certain powers including the power to fix, revise, charge, and collect tolls and fees for the use of turnpike projects and the power to issue bonds or notes of the Authority to finance such projects;

WHEREAS, the Authority desires to issue revenue bonds pursuant to the Act and the Revenue Bond Act to finance a portion of the costs of the land, easements, rights of way, capital improvements and equipment constituting a turnpike project of the Authority known as the "Monroe Connector System" and generally consisting of an approximately 19.7 mile roadway extending from US Highway 74 at Interstate 485 in eastern Mecklenburg County, North Carolina, near the Town of Matthews to US Highway 74 near the Town of Marshville in Union County, North Carolina, as it may hereafter exist (the "*Initial Project*");

WHEREAS, pursuant to Section 136-176(b2), as amended, of the NCGS, the North Carolina General Assembly has provided for an annual appropriation to the Authority in the amount of \$24,000,000 (the "*State Appropriated Revenues*") to be used to pay debt service or related financing costs and expenses on revenue bonds issued by the Authority to finance the turnpike project known as the Monroe Connector System or to fund reserves in connection therewith and that the State Appropriated Revenues may constitute "revenues" of the Authority for certain purposes within the meaning of the Revenue Bond Act;

WHEREAS, the Authority has issued its \$233,920,000 North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the "*Series 2010A Bonds*") and has determined to issue some or all of its North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010B (Federally Taxable - Build America Bonds) (the "*Series 2010B Bonds*"), and its North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010C (the "*Series 2010C Bonds*" and, together with the Series 2010B Bonds, the "*December Appropriation Bonds*"), under the Revenue Bond Act and a trust agreement between the Authority and Wells Fargo Bank, N. A., as trustee, dated as of October 1, 2010 (the "*Original Trust Agreement*"), as supplemented by a First Supplemental Trust Agreement dated as of December 1, 2010 (the "*First Supplemental Trust Agreement*" and, with the Original Trust Agreement, the "*Trust Agreement*"), with the Series 2010 Bonds payable from and secured by the State Appropriated Revenues;

WHEREAS, the American Reinvestment and Recovery Act of 2009 (the “*Recovery Act*”) added Sections 54AA and 6431 to the Internal Revenue Code of 1986, as amended (the “*Code*”), which permit state or local governments to obtain certain tax advantages when issuing taxable obligations referred to as “Build America Bonds”;

WHEREAS, the Recovery Act allows the Authority to make an irrevocable election to have certain of its bonds treated as “Build America Bonds” under a federal program under which a State or local government that intends to issue bonds, the interest on which is eligible for exclusion from the gross income of the owners thereof may elect to issue bonds bearing interest that is not so excluded, and will then receive payments (the “*Interest Subsidy Payments*”) directly from the United States Treasury in an amount equal to 35% of the corresponding interest payable on the related Build America Bonds;

WHEREAS, the Authority has determined to issue the Series 2010B Bonds as Build America Bonds to the extent it will, upon the advice of the underwriters and others involved in the issuance of the December Appropriation Bonds, be financially beneficial and then issue the remainder of the aggregate December Appropriation Bonds as bonds which bear tax-exempt interest;

WHEREAS, it is proposed that the December Appropriation Bonds will be sold through a negotiated sale to Bank of America Merrill Lynch, and other underwriters (the “*Underwriters*”), pursuant to one or more Bond Purchase Agreements between the North Carolina Local Government Commission (the “*LGC*”), the Authority and the Underwriters (collectively, the “*Bond Purchase Agreement*”); and

WHEREAS, a Preliminary Official Statement (the “*Preliminary Official Statement*”), relating to the December Appropriation Bonds and an Official Statement with respect to the December Appropriation Bonds, containing pricing and other information (the “*Final Official Statement*”), will be used and distributed by the Underwriters in connection with the offering and sale of the December Appropriation Bonds;

WHEREAS, the LGC must be requested to sell the December Appropriation Bonds in accordance with Revenue Bond Act; and

WHEREAS, the forms of the following documents have been presented to the Board:

- (a) First Supplemental Trust Agreement with forms of December Appropriation Bonds; and
- (b) Preliminary Official Statement;

NOW THEREFORE, THE BOARD OF THE NORTH CAROLINA TURNPIKE AUTHORITY HEREBY RESOLVES:

1. The Board hereby approves the issuance of the December Appropriation Bonds to finance a portion of the costs of the land, easements, rights of way, capital improvements and equipment constituting the Initial Project for the Monroe Connector System, fund reserves for the December Appropriation Bonds and provide for issuance expenses thereof, requests the LGC to sell the December Appropriation Bonds to the Underwriters and authorizes the Chairman or

4. The Chairman and other officers and employees of the Authority are authorized and directed to take such action and to execute and deliver any documents, certificates, letters of credit, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the documents described in this resolution and to accomplish the issuance of the December Appropriation Bonds under the Act and the Revenue Bond Act.

5. The Board hereby reaffirms and ratifies all prior resolutions and actions taken in connection with the issuance of the December Appropriation Bonds and the financing of the Monroe Connector System.

6. This resolution shall take effect immediately upon its passage.

Adopted November 1, 2010.

**RESOLUTION AUTHORIZING ISSUANCE OF THE AUTHORITY'S MONROE
CONNECTOR SYSTEM TURNPIKE REVENUE BONDS, SERIES 2010**

WHEREAS, the North Carolina Turnpike Authority (the "*Authority*") is duly organized and existing under the laws of the State of North Carolina (the "*State*") within the State Department of Transportation, and is authorized under Article 6H (Turnpike Authority and Toll Projects) of Chapter 136, as amended (the "*Act*"), of the North Carolina General Statutes (the "*NCGS*") and The State and Local Government Revenue Bond Act, Article 5 of Chapters 159, as amended, of the NCGS (the "*Revenue Bond Act*"), to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects," as defined in the Act;

WHEREAS, the Secretary of Transportation, pursuant to Section 143B-10 and 143B-349 of the NCGS, has delegated to the Board of the Authority certain powers including the power to fix, revise, charge, and collect tolls and fees for the use of turnpike projects and the power to issue bonds or notes of the Authority to finance such projects;

WHEREAS, the Authority desires to issue revenue bonds pursuant to the Act and the Revenue Bond Act to finance a portion of the costs of the land, easements, rights of way, capital improvements and equipment constituting a turnpike project of the Authority known as the "Monroe Connector System" and generally consisting of an approximately 19.7 mile roadway extending from US Highway 74 at Interstate 485 in eastern Mecklenburg County, North Carolina, near the Town of Matthews to US Highway 74 near the Town of Marshville in Union County, North Carolina, as it may hereafter exist (the "*Initial Project*");

WHEREAS, the Authority has determined to issue some or all of its North Carolina Turnpike Authority Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds) (the "*Series 2010A Bonds*"), its North Carolina Turnpike Authority Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2010B (the "*Series 2010B Bonds*"), its Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2010C (Capital Appreciation Bonds) (the "*Series 2010C Bonds*"), its Monroe Connector System Subordinate Lien Turnpike Revenue Bonds, Series 2010D (Federally Taxable – Build America Bonds) (the "*Series 2010D Bonds*"), its Monroe Connector System Subordinate Lien Turnpike Revenue Bonds, Series 2010E (the "*Series 2010E Bonds*"), and its Monroe Connector System Subordinate Lien Revenue Bonds, Series 2010F (Capital Appreciation Bonds) (the "*Series 2010F Bonds*" and, together with the Series 2010A Bonds, the Series 2010B Bonds, the Series 2010C Bonds, the Series 2010D Bonds and the Series 2010E Bonds, the "*Series 2010 Bonds*"), under the Revenue Bond Act and a trust agreement between the Authority and Wells Fargo Bank, N. A., as trustee, dated as of December 1, 2010 (the "*Trust Agreement*"), with the Series 2010 Bonds payable from and secured by toll and other revenues of the Monroe Connector System;

WHEREAS, the American Reinvestment and Recovery Act of 2009 (the “*Recovery Act*”) added Sections 54AA and 6431 to the Internal Revenue Code of 1986, as amended (the “*Code*”), which permit state or local governments to obtain certain tax advantages when issuing taxable obligations referred to as “Build America Bonds”;

WHEREAS, the Recovery Act allows the Authority to make an irrevocable election to have certain of its bonds treated as “Build America Bonds” under a federal program under which a State or local government that intends to issue bonds, the interest on which is eligible for exclusion from the gross income of the owners thereof may elect to issue bonds bearing interest that is not so excluded, and will then receive payments (the “*Interest Subsidy Payments*”) directly from the United States Treasury in an amount equal to 35% of the corresponding interest payable on the related Build America Bonds;

WHEREAS, the Authority has determined it may issue the Series 2010A Bonds and the Series 2010D Bonds as Build America Bonds to the extent it will, upon the advice of the underwriters and others involved in the issuance of the Series 2010 Bonds, be financially beneficial and then issue the remainder of the aggregate Series 2010 Bonds as bonds which bear tax-exempt interest;

WHEREAS, it is proposed that the Series 2010 Bonds will be sold through a negotiated sale to Bank of America Merrill Lynch, and other underwriters (the “*Underwriters*”), pursuant to one or more Bond Purchase Agreements between the North Carolina Local Government Commission (the “*LGC*”), the Authority and the Underwriters (collectively, the “*Bond Purchase Agreement*”); and

WHEREAS, a Preliminary Official Statement (the “*Preliminary Official Statement*”), relating to the Series 2010 Bonds and an Official Statement with respect to the Series 2010 Bonds, containing pricing and other information (the “*Final Official Statement*”), will be used and distributed by the Underwriters in connection with the offering and sale of the Series 2010 Bonds;

WHEREAS, the LGC must be requested to sell the Series 2010 Bonds in accordance with Revenue Bond Act; and

WHEREAS, the forms of the following documents have been presented to the Board:

- (a) Trust Agreement with forms of Series 2010 Bonds; and
- (b) Preliminary Official Statement;

NOW THEREFORE, THE BOARD OF THE NORTH CAROLINA TURNPIKE AUTHORITY HEREBY RESOLVES:

1. The Board hereby approves the issuance of the Series 2010 Bonds to finance a portion of the costs of the land, easements, rights of way, capital improvements and equipment constituting the Initial Project for the Monroe Connector System, fund reserves for the Series 2010 Bonds and provide for issuance expenses thereof, requests the LGC to sell the Series 2010 Bonds to the Underwriters and authorizes the Chairman or other officers or employees of the Authority to execute the Bond Purchase Agreement to evidence the obligations of the Authority

for the sale of the Series 2010 Bonds; provided the specific terms and conditions thereof must be within the limits stated in paragraph 3 hereof and as otherwise approved by the Chairman or other officers or employees of the Authority as hereinafter provided.

2. The Bond Purchase Agreement shall be substantially in the form used for the sale of the appropriation revenue bonds for the Monroe Connector System and the Trust Agreement with the forms of the Series 2010 Bonds and the Preliminary Official Statement (together the “*Bond Documents*”) shall be in substantially the forms presented. The Bond Documents are hereby approved and the Chairman and other officers and employees of the Authority are each hereby authorized and directed to execute and deliver such Bond Documents, together with such changes, modifications and deletions as they may, with the advice of counsel, deem necessary and appropriate; such execution and delivery to be conclusive evidence of the authorization and approval of such documents by the Authority.

3. Notwithstanding anything herein to the contrary, the following limits are imposed on the issuance of the Series 2010 Bonds and related matters and the authorizations and directions herein provided are conditioned upon the terms of such factors being within these limits:

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| a. | Final maturity date of any Series 2010 Bonds | January 1, 2051 |
| b. | Maximum aggregate principal amount of Series 2010 Bonds | \$500,000,000 |
| c. | Series 2010A Bonds and Series 2010D Bonds to be issued as Build America Bonds to the extent net rate is more cost effective than traditional tax-exempt bonds | |
| d. | Remaining authorization, to the extent issued, issued as bonds with tax-exempt interest | |
| e. | Maximum interest rates: | |
| | Build America Bonds (before 35% interest subsidy): | |
| | Senior Lien | 10.00 % |
| | Subordinate Lien | 12.25 % |
| | Remaining Series 2010 Bonds: | |
| | Senior Lien | 7.25 % |
| | Subordinate Lien | 8.50 % |
| f. | Minimum purchase price by Underwriters | 98.00 % |

4. The Chairman and other officers and employees of the Authority are authorized and directed to take such action and to execute and deliver any documents, certificates, letters of credit, undertakings, agreements or other instruments as they, with the advice of counsel, may deem necessary and appropriate to effect the transactions contemplated by the documents described in this resolution and to accomplish the issuance of the Series 2010 Bonds under the Act and the Revenue Bond Act.

5. The Board hereby reaffirms and ratifies all prior resolutions and actions taken in connection with the issuance of the Series 2010 Bonds and the financing of the Monroe Connector System.

6. This resolution shall take effect immediately upon its passage.

Adopted November 1, 2010.