



North Carolina Turnpike Authority

Board of Directors Meeting

November 27, 2018

Triangle Expressway FY 2019 Q1 Updates

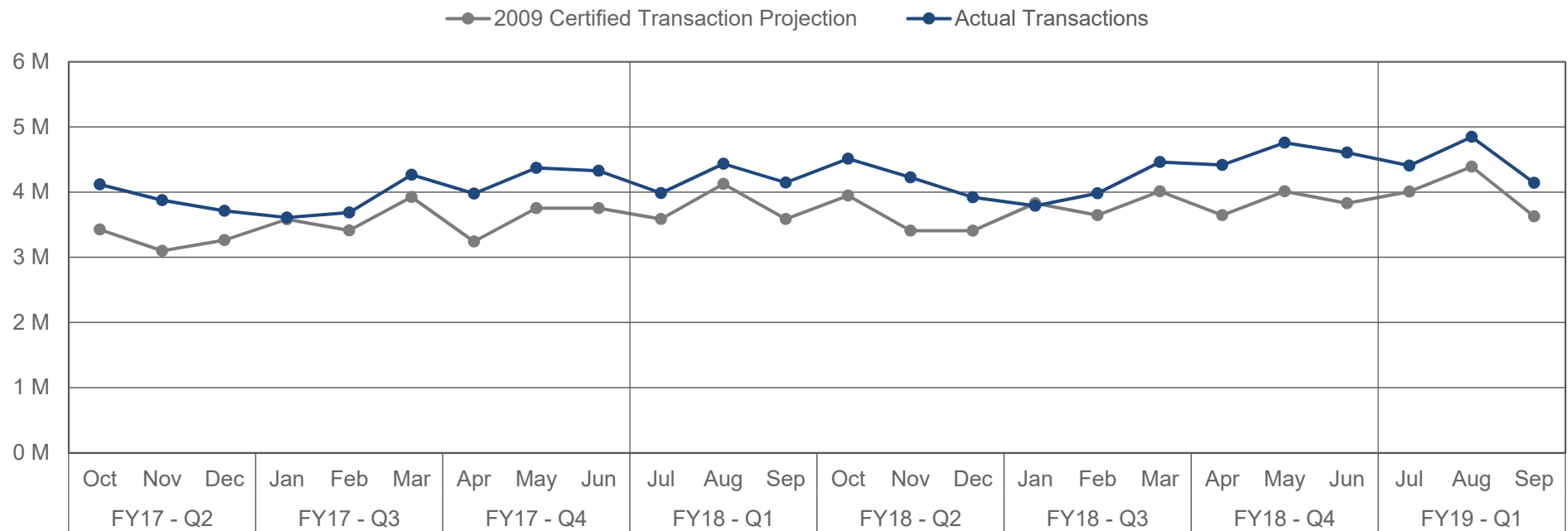
Operations & Customer Service



Andy Lelewski, P.E.

Director of Toll Operations

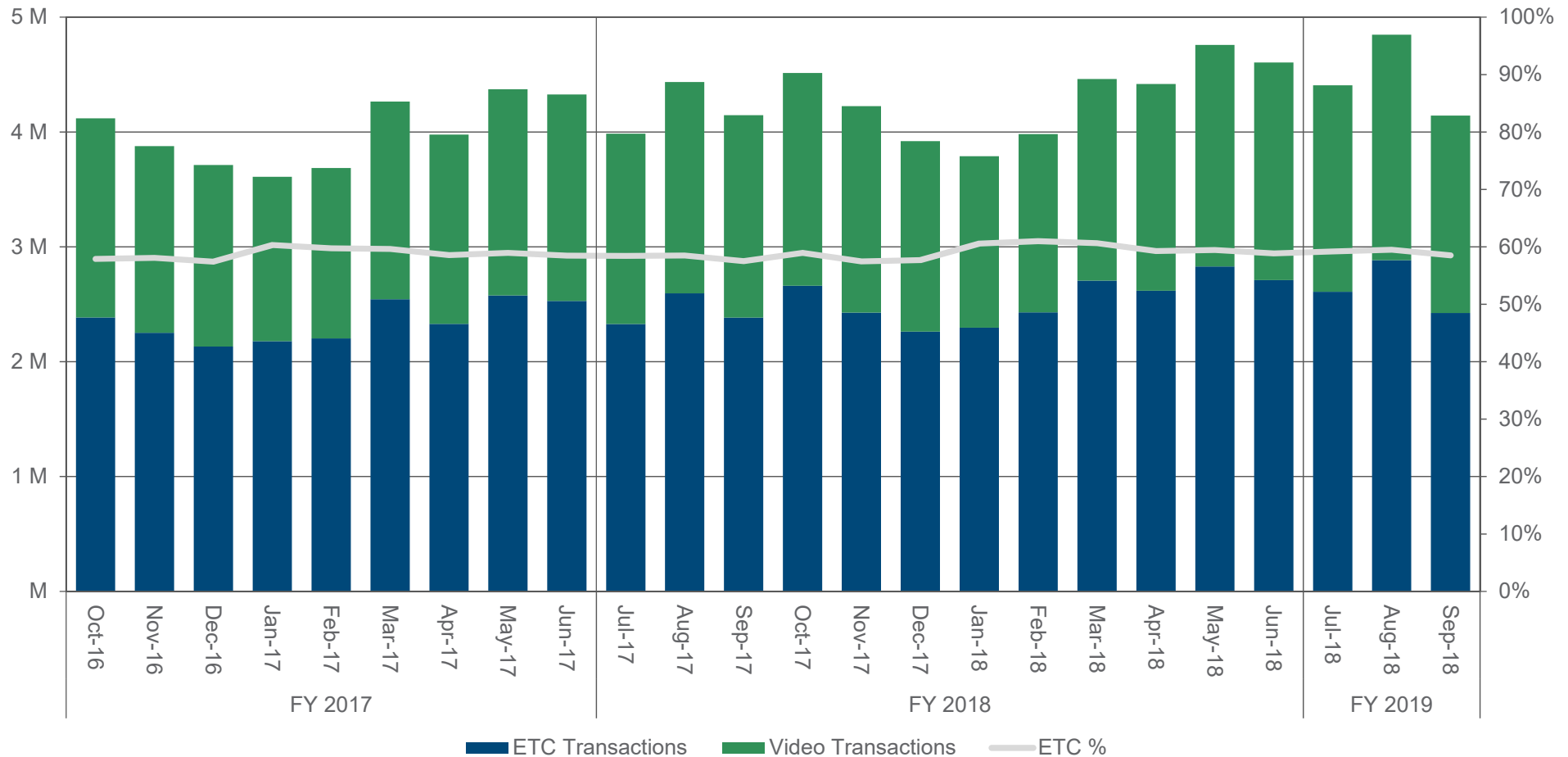
Transaction Statistics



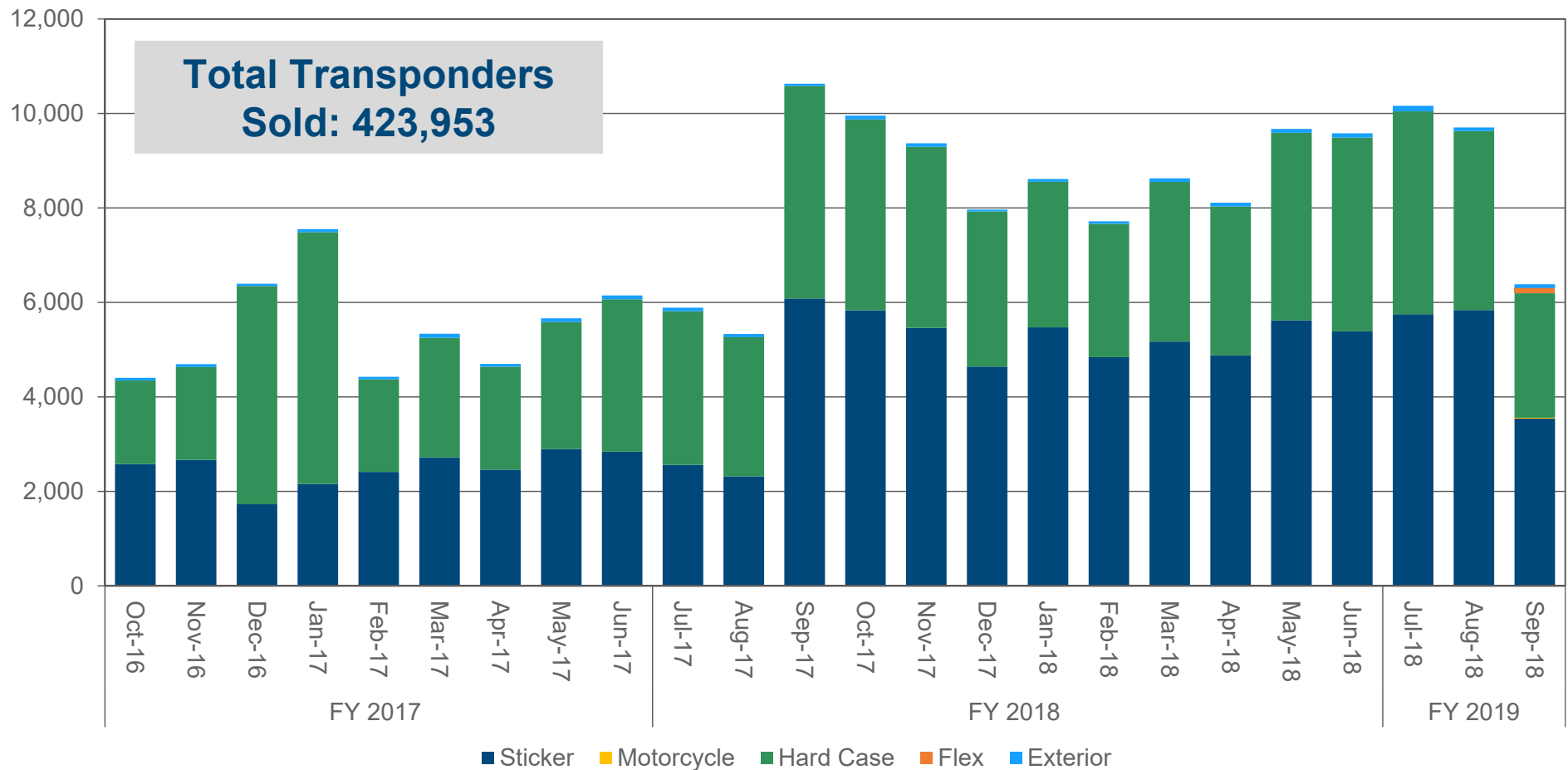
	FY17 - Q2	FY17 - Q3	FY17 - Q4	FY18 - Q1	FY18 - Q2	FY18 - Q3	FY18 - Q4	FY19 - Q1
Actual Transactions	11,706,855	11,561,253	12,675,376	12,566,202	12,657,190	12,232,513	13,780,931	13,394,771
2009 Certified Traffic and Revenue¹	9,788,054	10,918,982	10,748,373	11,300,881	10,762,744	11,486,687	11,486,688	12,025,101
Delta	1,918,801	642,271	1,927,003	1,265,321	1,894,446	745,826	2,294,243	1,369,670
Percent of Actual vs. 2009 Base Case	120%	106%	118%	111%	118%	106%	120%	111%

¹Target monthly transaction data based on annualized numbers contained in the 2009 Certified Traffic and Revenue Report developed by CDM Smith

Toll Transactions by Type



Monthly Transponders Sold

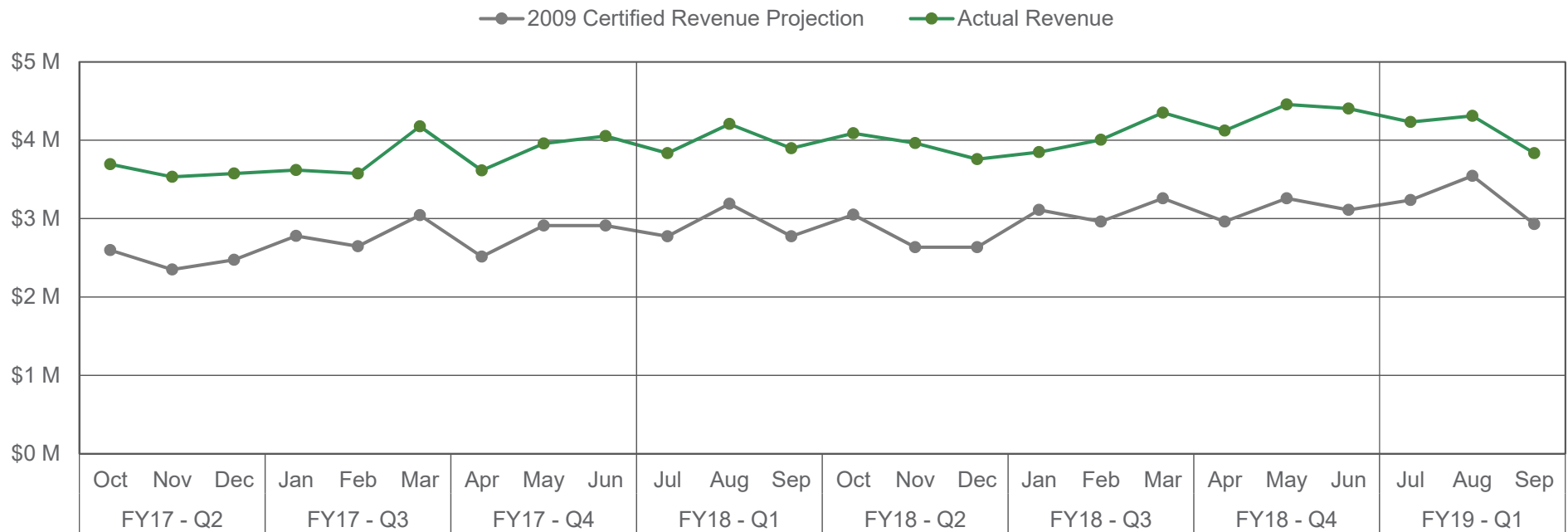


Finance & Budget



David Roy
Director of Finance

Revenue Statistics

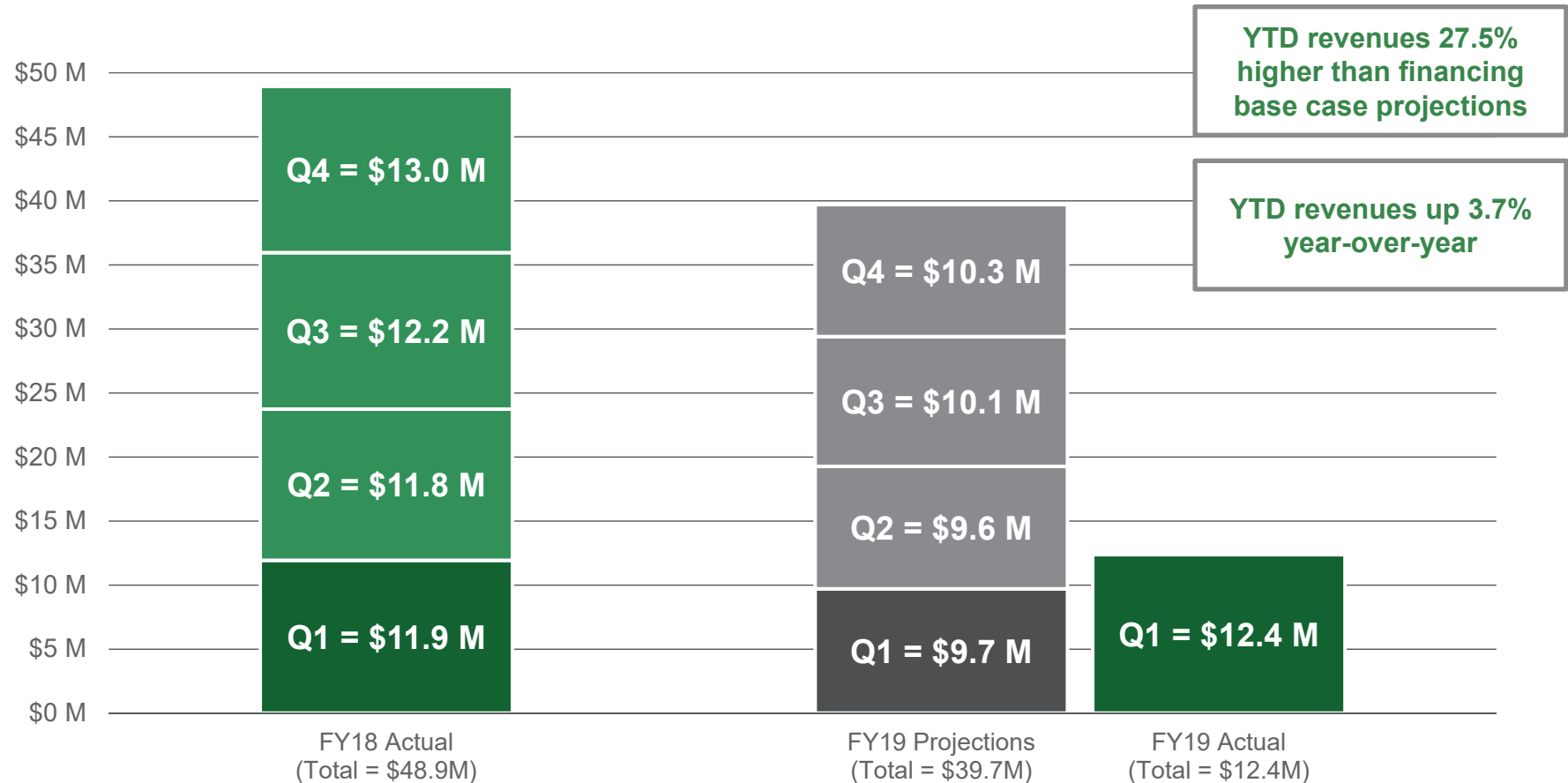


	FY17 - Q2	FY17 - Q3	FY17 - Q4	FY18 - Q1	FY18 - Q2	FY18 - Q3	FY18 - Q4	FY19 - Q1
Actual Revenue¹	\$ 10,802,362	\$ 11,371,706	\$ 11,625,254	\$ 11,938,800	\$ 11,810,005	\$ 12,206,584	\$ 12,982,210	\$ 12,378,736
2009 Certified Traffic and Revenue²	\$ 7,419,368	\$ 8,468,479	\$ 8,336,160	\$ 8,735,177	\$ 8,319,217	\$ 9,332,303	\$ 9,332,303	\$ 9,711,294
Delta (\$)	\$ 3,382,994	\$ 2,903,227	\$ 3,289,094	\$ 3,203,623	\$ 3,490,788	\$ 2,874,281	\$ 3,649,907	\$ 2,667,442
Percent of Actual vs. 2009 Base Case	146%	134%	139%	137%	142%	131%	139%	127%

¹Actual revenue is reported on a cash basis

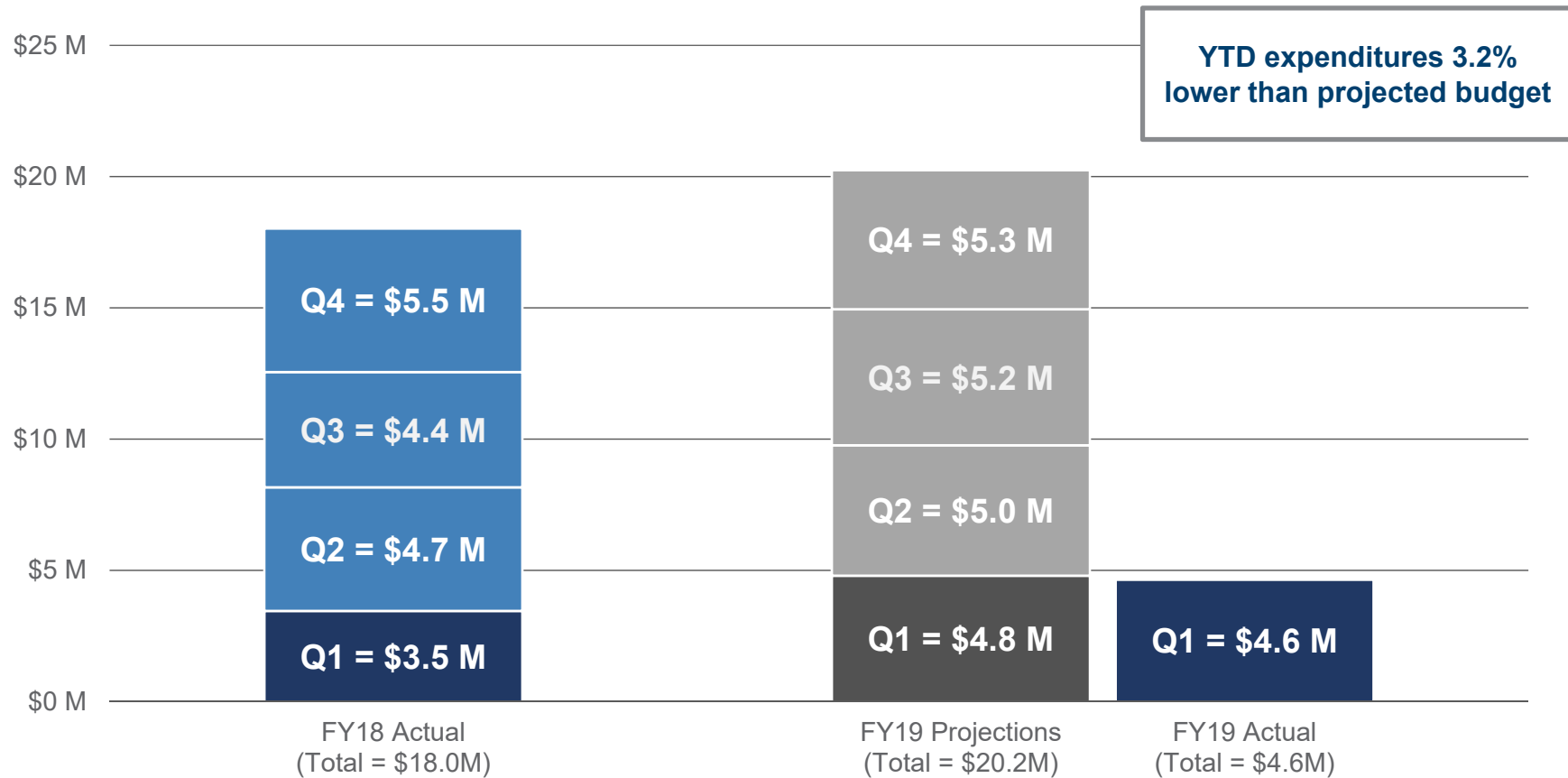
²Target monthly revenue data based on annualized numbers contained in the 2009 Certified Traffic and Revenue Report developed by CDM Smith

Revenue Statistics



- Revenue figures are inclusive of all toll revenue and fees, but exclude transponder revenues (YTD = \$86,042.71)
- Actual revenues reported on a cash basis

Operating Expenditures



- Actual operating expenditures reported on a cash basis

Maintenance Report



Dennis Jernigan, P.E.
Director of Highway Operations

Mainline Traffic Statistics

FY18 Q1 AWT = 49,550
FY19 Q1 AWT = 51,870
4.7% Increase

FY18 Q1 AWT = 20,010
FY19 Q1 AWT = 22,420
12.0% Increase

FY18 Q1 AWT = 37,580
FY19 Q1 AWT = 40,490
7.7% Increase

FY18 Q1 AWT = 19,450
FY19 Q1 AWT = 19,420
0.2% Decrease



Q1: July - September

AWT: Average Weekday Traffic

Roadway Maintenance Statistics

	FY 2018 Q2	FY 2018 Q3	FY 2018 Q4	FY 2019 Q1	Rolling Rating
Road Surface	98.9	98.5	99.2	99.2	99.0
Unpaved Shoulders and Ditches	97.9	97.8	96.8	97.1	97.4
Drainage Structures	87.6	87.7	97.3	96.1	92.2
Roadside	92.5	92.2	91.3	94.9	92.7
Traffic Control Devices	82.4	83.8	91.1*	94.6*	87.5
Overall	91.1	91.3	94.8*	96.4*	93.3

* Excludes Pavement Striping/Marking, Characters and Symbols, and Pavement Markers characteristics.

2009 TIFIA Loan Refunding Overview



David Roy
Director of Finance



\$401,155,000 Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2018

- The Series 2018 Bonds were issued to refund the Triangle Expressway Revenue Bonds, TIFIA Series 2009 and amend the Prior Trust Agreement
 - The Series 2009 TIFIA Bond was subject to a cash sweep limiting capacity for future debt to fund the Complete 540 project
 - The Series 2009 TIFIA Bond was outstanding in a par amount of \$430,405,953 and callable at any time
 - The refunding generated NPV savings in excess of \$10 million
- Amortization & Optional Redemption
 - Interest is paid semiannually on January 1 and July 1 and principal is paid annually on January 1 in the years 2020 through 2041
 - Bonds are subject to optional redemption on or after January 1, 2029
- Ratings
 - S&P assigned an underlying rating to 'BBB' with a Stable outlook and an insured rating of 'AA' to the insured bonds
 - Fitch assigned an underlying rating of 'BBB-' with a Stable outlook



Amendments to the Prior Trust Agreement

- To the definition of Senior Lien Parity Reserve Account Requirement to reduce it by 50%
- To the Flow of Funds to require the following payments to be made prior to Operations and Maintenance Expenses:
 - i. Required TIFIA Debt Service Reserve Account deposits, and
 - ii. any fees and interest due to a Bond Insurer, any fees and interest payable to any provider of a Reserve Alternate Instrument, and any fees and interest payable to any other Credit Provider of a Credit Facility;
- To the AGM requirement that the 2009 Bonds be refunded in certain events;
- To eliminate provisions which limited the Authority's use of General Reserve Funds to repay of certain amounts owed to AGM and debt service upon the occurrence of certain events;
- To the definition of a "Bankruptcy-Related Event" to include the failure to make two (2) consecutive payments of TIFIA Debt Service; and
- To the definition of "TIFIA Debt Service Reserve Account Requirement" to mean an amount determined in the TIFIA Loan Agreement related to future TIFIA Indebtedness.



Plan of Finance

Structure

- The refunding bonds were structured to mirror the expected repayment of the TIFIA Loan which achieved level annual savings
- A Surety Bond was used for the DSRF allowing NCTA to liquidate the existing cash DSRF to be used as a contribution into the escrow, reducing the bond size
- Bond insurance was applied to bonds maturing 2032 through 2038, inclusive, and 2041

Financing Approval & Pricing Process

- September 19 - Refunding presented to the Finance Committee
- October 17 – Finance Committee recommends Board approval
- November 5 - NCTA Board unanimously approved the Resolution and Bond Order
- November 6 - LGC approval of the transaction
- November 20 – Bond Pricing
- December 12 – Closing of the Series 2018 Bonds



Sales Results

Method of Sale

- The 2018 Bonds were sold via negotiated sale on November 20, 2018

Underwriting Syndicate

- Senior Underwriter: J.P. Morgan
- Co-Managers: BofA Merrill Lynch, Citigroup, Loop Capital Markets, Siebert Cisneros Shank & Co. L.L.C. and Wells Fargo Securities

Pricing/Execution

- At the end of the order period, bonds maturing on the earlier part of the curve were substantially oversubscribed while a few maturities on the long end had some remaining balances
- Adjustments were made to lower the yields on the earlier bonds and increase yields on the longer end as a response to investor interest and demand and the JPMorgan agreed to underwrite the transaction at the agreed upon levels
- The final pricing resulted in an All-In TIC of 4.115% and NPV savings of \$10.2 million



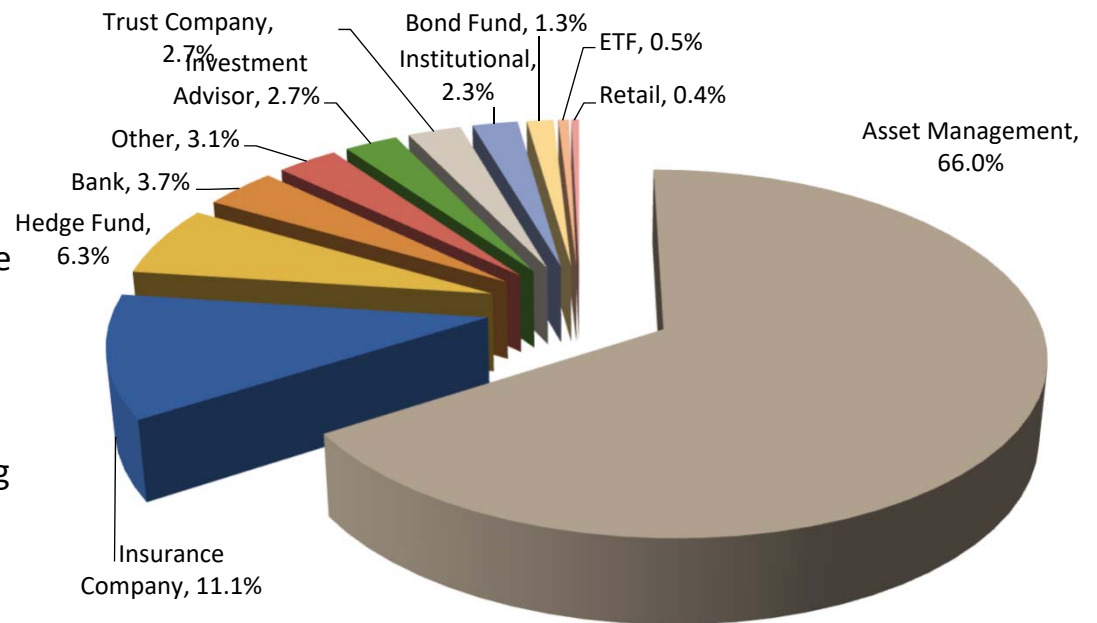
Marketing and Investor Response

Investor Marketing Strategy

- In addition to the Preliminary Offering Statement, an online investor presentation was prepared, providing participants with key highlights from the offering document
- Over 50 individual investors participated in the presentation
- NCTA Staff and financing team followed up with numerous investors to address additional questions throughout the marketing period

Investor Participation

- In total, 41 different institutional investors placed orders for the Series 2018 Bonds
- Orders totaled \$750 million for the \$401 million financing
- The top three institutional investors each placed orders over \$75 million, with the highest being an order of \$108 million





Sources and Uses

Sources

Bond Proceeds:	
Par Amount	401,155,000.00
Net Premium	28,366,950.95
	<u>429,521,950.95</u>
Other Sources of Funds:	
Debt Service Fund Contribution	8,218,984.91
TIFIA DSRF Release	5,333,987.65
	<u>13,552,972.56</u>
Total	443,074,923.51

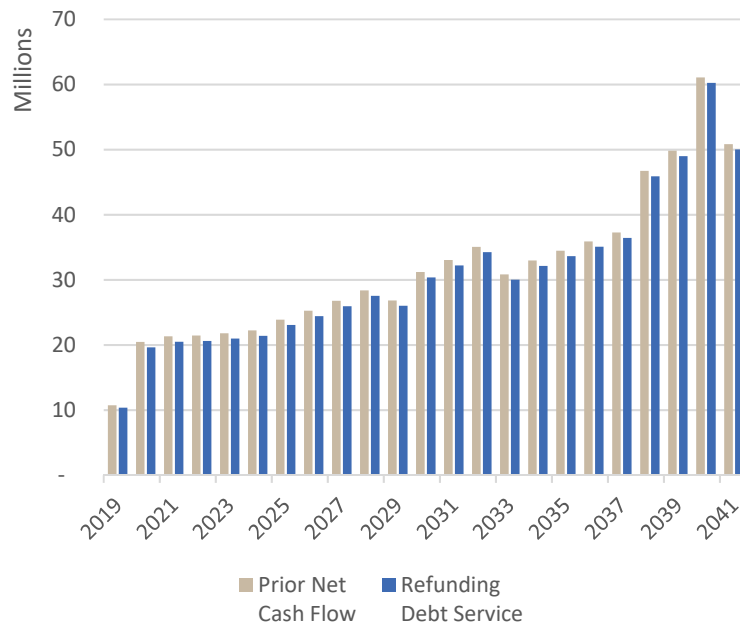
Uses

Refunding Escrow Deposit	438,624,937.87
Delivery Date Expenses:	
Cost of Issuance	473,668.65
Underwriter's Discount	945,759.02
Insurance Expense (67.5 bps)	2,672,130.36
Surety (5.00%)	358,427.61
	<u>358,427.61</u>
Total	443,074,923.51



Savings

- Issuance of the 2018 Bonds resulted in cash flow savings of \$18,561,930. The net present value of the savings equals \$10,245,388 or 2.38% of the refunded par amount



Date	Prior Net Cash Flow ¹	Refunding Debt Service	Savings	NPV Savings ²
7/1/2019	10,736,676	10,364,722	371,955	372,891
7/1/2020	20,448,819	19,622,450	826,369	778,880
7/1/2021	21,313,230	20,484,275	828,955	743,412
7/1/2022	21,431,040	20,603,150	827,890	712,662
7/1/2023	21,786,477	20,959,900	826,577	680,645
7/1/2024	22,218,495	21,390,650	827,845	651,143
7/1/2025	23,877,124	23,050,650	826,474	611,111
7/1/2026	25,241,965	24,417,775	824,190	574,167
7/1/2027	26,768,286	25,941,025	827,261	541,118
7/1/2028	28,362,106	27,535,025	827,081	506,158
7/1/2029	26,829,066	26,003,025	826,041	493,038
7/1/2030	31,189,340	30,362,775	826,565	443,406
7/1/2031	33,036,908	32,212,525	824,383	409,134
7/1/2032	35,063,660	34,237,400	826,260	377,288
7/1/2033	30,836,348	30,011,025	825,323	381,049
7/1/2034	32,953,664	32,126,525	827,139	351,239
7/1/2035	34,450,727	33,622,525	828,202	325,146
7/1/2036	35,898,920	35,073,900	825,020	297,848
7/1/2037	37,252,621	36,423,850	828,771	276,831
7/1/2038	46,713,546	45,887,550	825,996	213,855
7/1/2039	49,813,759	48,985,250	828,509	185,772
7/1/2040	61,065,654	60,237,575	828,079	119,276
7/1/2041	50,837,645	50,010,600	827,045	199,319
Total	728,126,077	709,564,147	18,561,930	10,245,388

1. Adjustments to the prior debt service are made to reflect a contribution from the debt service fund of \$8,218,984.91 at closing representing accrued interest on the refunded bonds and the existing TIFIA debt service reserve fund when the release would be expected at the final maturity.

2. Present value of cash flow discounted to the Closing Date of December 12, 2018 at a rate equal to the arbitrage yield of 3.8996%.



NCTA Refunding Savings Summary

- ◆ NCTA has achieved over \$72 million of net present value savings through refunding transactions

Transaction	Refunded Series (Maturities)	NPV Savings (\$)	NPV Savings (%)
\$200,515,000 Triangle Expressway System Turnpike Revenue Refunding Bonds, Series 2017	Series 2009A (2020-2039)	\$32,153,069	13.72%
\$150,125,000 Triangle Expressway System Appropriation Revenue Refunding Bonds, Series 2018A	2009B (2033-2039)	\$10,933,562	7.25%
\$161,759,000 Triangle Expressway System Appropriation Revenue Refunding Bonds, Series 2018B	2009B (2022-2032)	\$18,854,944	11.67%
\$401,155,000 Triangle Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2018	2009 TIFIA Loan	\$10,245,388	2.38%
Total		\$72,186,963	7.39%

Complete 540 Design-Build Procurement Update



Rodger Rochelle, P.E.
Chief Engineer

Complete 540

R-2721A

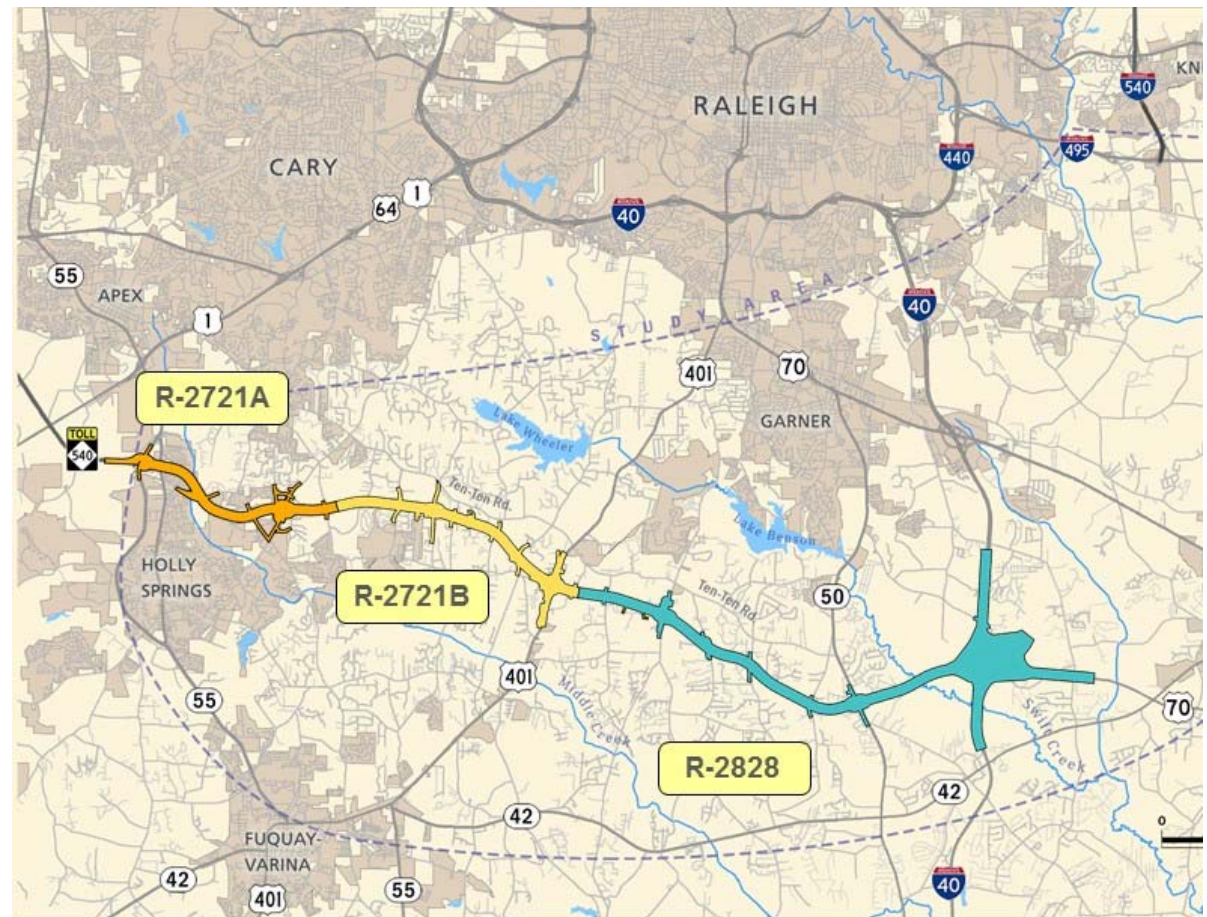
- 4.3 mile new location
- ~190 parcels

R-2721B

- 4.9 mile new location
- ~210 parcels

R-2828

- 8.6 mile new location
- ~250 parcels



Current Project Schedule

- Record of Decision: June 6, 2018
- Corridor Permit Application: Summer 2018
- Advertisement for ROW Acquisition Firm(s) September 4, 2018
(R-2721A & R-2721B)
- Right of Way Plans for R-2721A & R-2721B: Fall 2018
- Anticipate Permits: Late 2018/Early 2019
(phased for R-2828 & construction for R-2721A and R-2721B)
- Design-Build Contract Letting
 - R-2828: November 2018
 - R-2721B: February 2019
 - R-2721A: April 2019
 - R-2829: Future (2027)
- Complete Project Finance Early 2019

Status and Next Steps

	R-2828	R-2721B	R-2721A
Advertisement	✓ April 16	✓ July 2	✓ September 4
SOQ Due Date	✓ May 11	✓ July 31	✓ October 2
Shortlist Date	✓ May 24	✓ August 14	✓ October 18
Issue 1 st Draft RFP	✓ May 24	✓ August 14	✓ October 18
Debrief Teams	✓ Week of June 4	✓ Week of Aug. 27	✓ Week of Oct. 29
1 st Meeting with Teams	✓ June 7	✓ August 28	✓ November 1
Issue 2 nd Draft RFP	✓ June 19	✓ August 31	✓ November 20
2 nd Meeting with Teams	✓ July 10	✓ September 25	December 6
Issue 3 rd Draft RFP	✓ July 19	✓ October 9	December 20
3 rd Meeting with Teams	✓ August 7	✓ October 23	January 8, 2019

Status and Next Steps

	R-2828	R-2721B	R-2721A
Issue Final RFP	✓ August 14	✓ November 6	January 22, 2019
Technical Proposals Due	✓ October 30	January 29, 2019	March 27, 2019
Price Proposals Due	✓ November 14	February 12, 2019	April 10, 2019
Open Price Proposals	✓ November 20	February 19, 2019	April 16, 2019

R-2828 Design-Build Contract

Engineers' Estimate	\$369.5M
Price Proposal from Apparent Low Bidder	\$403.2M
Notice of Award and Limited Notice to Proceed	December 2018
Project Financial Closing	May 2019
Unlimited Notice to Proceed	May 2019
Substantial Completion Date	September 1, 2023
Final Completion Date	January 1, 2024
Proposed Substantial Completion Date	October 24, 2022
Proposed Project Completion Date	November 24, 2022

Charlotte Area Customer Outreach



Andy Lelewski, P.E.

Director of Toll Operations

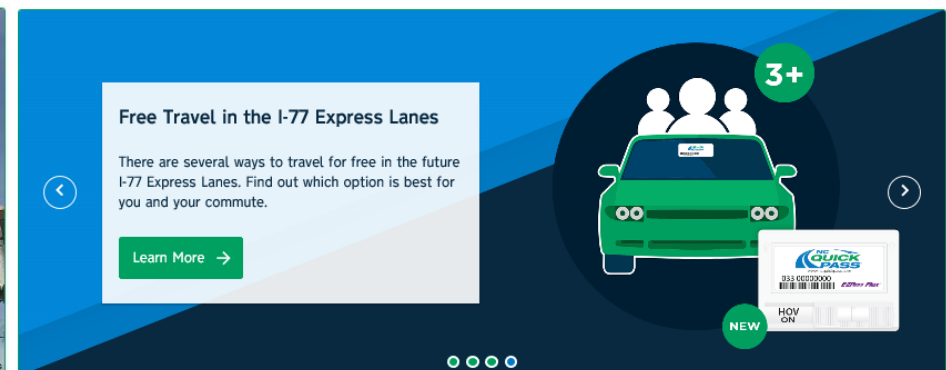
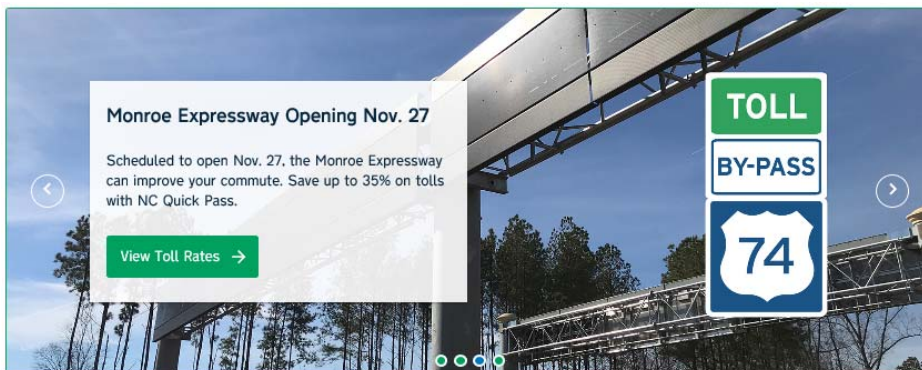
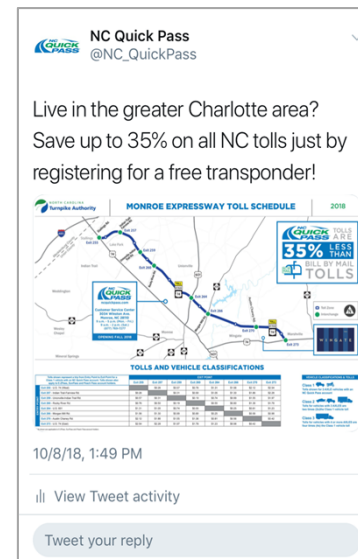
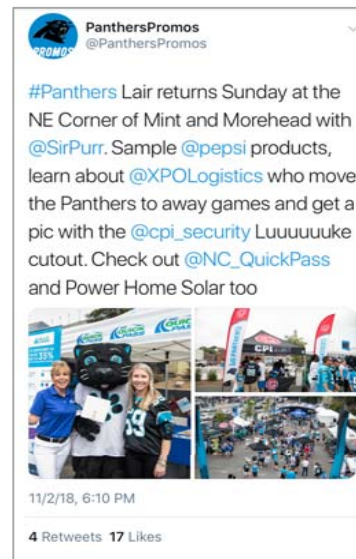
Charlotte Area Outreach

- Municipalities
- Community Events
- First Responders



Charlotte Area Outreach

- Businesses
- Fleet
- Social Media
- Website



Outreach Statistics

450 visits - new customer service centers (6 weeks)

2,300 views - “How Tolling Works” video on YouTube

19,500 reached - in person at community events

32,600 impressions - Monroe-specific tweets (@NC_QuickPass)

35,000 impressions - Town of Wingate Facebook post

Media/Advertising Campaign

- Direct mailers
- Partnership with Carolina Panthers
- Print advertisements
- Out-of-home advertisements
- Digital marketing
- Radio advertisements



“Use an NC Quick Pass transponder to pay tolls on the I-77 Express Lanes and Monroe Expressway and pay 35 percent less than getting billed by mail. Get all the details and sign up for your account at n-c quick pass dot com.”

Projected Campaign Reach

110,000 Direct mailers

275,000 Partnership with Carolina Panthers

416,000 Print advertisements

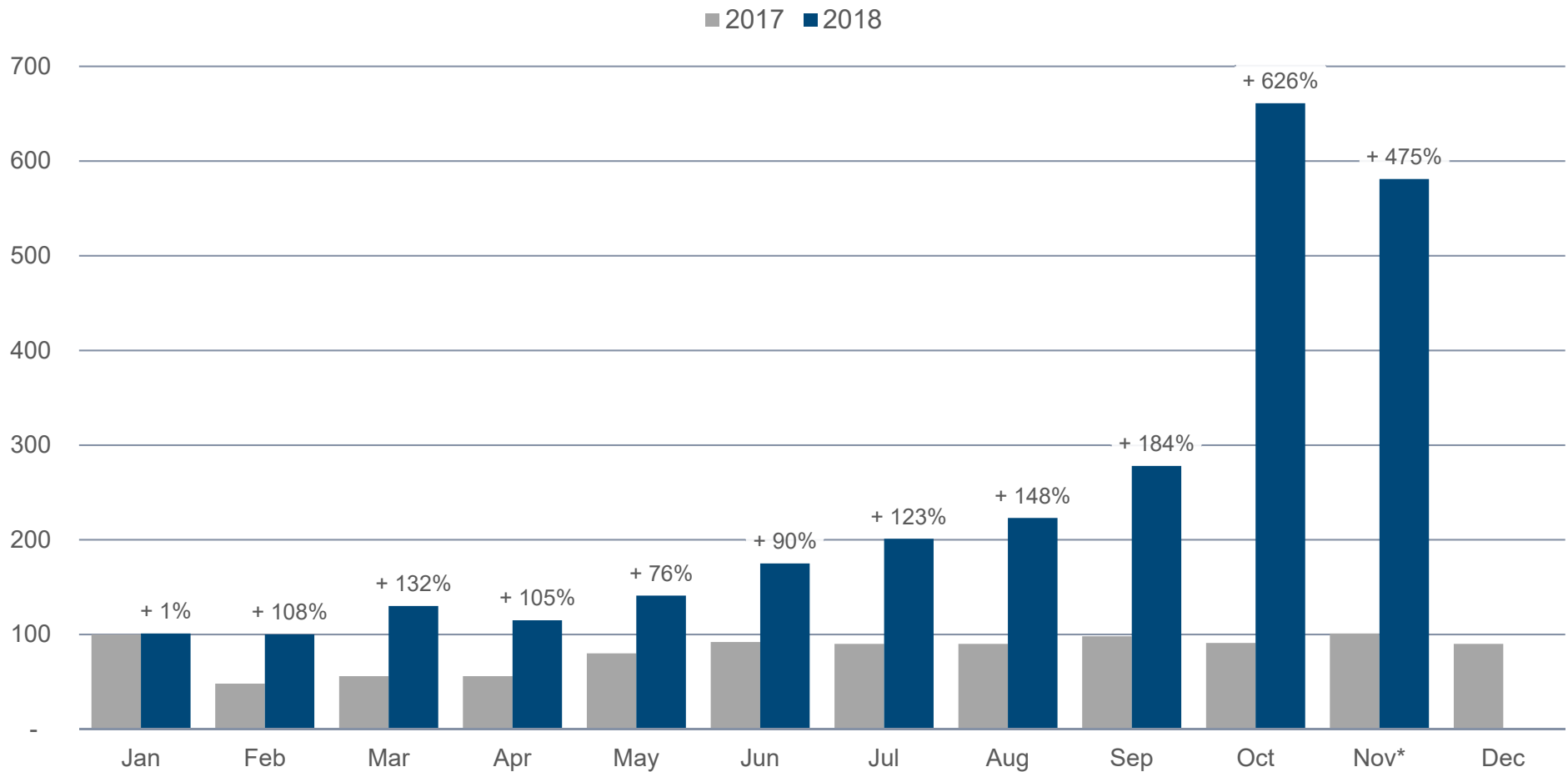
9,193,500 Out-of-home advertisements

19,500,000 Digital marketing

20,199,400 Radio advertisements

NC Quick Pass Accounts

Established in the Charlotte Area



* through November 14, 2018

Monroe Demonstration

October 30, 2018



Monroe Demonstration



Thank You!

