



Board of Directors

Finance Committee

March 20, 2019

Compliance Policies & Procedures



David Roy

NCTA Director of Finance

Triangle Expressway Outstanding Debt

Series Name	Series	Original Par	Outstanding Par*	Final Maturity	Notes
Toll Revenue Bonds	Series 2009A	234,910,000	-	n/a	Partially refunded by the Series 2017 Bonds
Toll Revenue Bonds	Series 2009B (CAB)	35,173,109	67,471,791	1/1/2038	
Toll Revenue Bonds	Series 2017	200,515,000	197,355,000	1/1/2039	Partially refunded the Series 2009A Bonds
Toll Revenue Bonds	Series 2018	401,155,000	401,155,000	1/1/2041	Refunded the TIFIA Loan
Appropriation Bonds	Series 2009B	352,675,000	20,210,000	1/1/2021	Partially refunded by the Series 2018A and 2018B Bonds
Appropriation Bonds	Series 2018A	150,125,000	150,125,000	1/1/2039	Partially refunded the Series 2009B Bonds
Appropriation Bonds	Series 2018B	161,759,000	161,759,000	1/1/2032	Partially refunded the Series 2009B Bonds
TIFIA Loan		430,405,953	-	n/a	Refunded by the Series 2018 Toll Revenue Bonds

Monroe Expressway Outstanding Debt

Series Name	Series	Original Par	Outstanding Par*	Final Maturity	Notes
Toll Revenue Bonds	Series 2010	10,000,000	-	n/a	Refunded by the Series 2016A Bonds
Toll Revenue Bonds	Series 2016A	119,455,000	119,455,000	7/1/2054	
Toll Revenue Bonds	Series 2016C (CAB)	17,596,904	19,239,554	7/1/2041	
Appropriation Bonds	Series 2010A	233,920,000	233,920,000	1/1/2041	
Appropriation Bonds	Series 2011	214,505,000	123,185,000	7/1/2041	
GARVEEs	Series 2009	145,535,000	-	n/a	All proceeds redirected to other projects in 2016
TIFIA Loan		166,500,000	166,500,000	7/1/2053	\$120 million drawn; total approval for \$166.5 million

NCTA Compliance

Annual, semi-annual and quarterly filings

- Bond Holders (MSRB/EMMA)
- Assured Guaranty
- Build America Bureau (TIFIA)
- Wells Fargo (Trustee)

Event Notices

Digital Assurance Certification (DAC)

NCTA retained DAC in September 2018

Provide post-issuance compliance services

Industry leading compliance technology

- Filing templates
- Reminders of filing deadlines
- Rating change alerts
- Model policies and procedures

Policies & Procedures

Establish guidelines for presenting related financial reports and events to interested third parties

Guidelines for:

- Annual Reporting Requirements
- Event Notice Requirements
- Voluntary Disclosure Requirements
- Third Party/Quarterly Disclosure Requirements
- Website Disclosure
- Training

Toll Suspension Policy Update



Andy Lelewski, P.E.
NCTA Director of Toll Operations

Toll Suspension Policy

Status: finalized; ready for review

“The Board recognizes the need to suspend or waive the collection of tolls during certain situations. However, this responsibility must be balanced with its obligations to creditors who financed the toll roads and its duty as a State agency not to jeopardize the financial integrity of the State by failing to comply with financial covenants in its trust agreements.”

- All actions to be authorized by NCTA Executive Director

Suspension of Tolls

Declaration of a State of Emergency by Governor or
a Federal State of Emergency for North Carolina

AND

- Turnpike facility is designated as an emergency evacuation route by the Department

OR

- The primary non-tolled alternate routes, in the immediate vicinity of the turnpike facility, are deemed impassable or inaccessible, and/or traffic is diverted onto the turnpike facility by emergency responders

Suspension of Tolls

Toll collection will be reinstated as soon as the immediate need for use of the turnpike facility for evacuation, disaster response, or other approved non-emergency situation ends

- Reinstatement is at the discretion of NCTA Executive Director, after consultation with appropriate parties, including the State Emergency Operations Center (SEOC) and other emergency management agencies
- Considerations include: the extent of damage, availability of Department and NCTA staff, initiation of recovery efforts, accessibility of non-tolled alternate routes, and requests from governmental agencies

Waiver of Tolls

If traffic is directed onto the Turnpike facility by emergency responder personnel with no choice to take a non-tolled facility, tolls are waived:

- Automatically when the situation is observed via the cameras or when NCTA is notified of a situation

OR

- Within 30 days of the invoice date at the request of the customer (when not observed)

Complete 540 Design-Build Procurement Update



Rodger Rochelle, P.E.

NCTA 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
Submit Corridor Permit Application	September 2018
Advertisement for ROW Acquisition Firm(s) (R-2721A & R-2721B)	September 2018
Right of Way Plans for R-2721A & R-2721B	Fall 2018
401 Permit	February 15, 2019
404 Permit anticipated (phased for R-2828 & construction for R-2721A and R-2721B)	Early 2019
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 & Next Steps

	R-2828	R-2721B	R-2721A
Advertisement	✓ April 16, 2018	✓ July 2, 2018	✓ September 4, 2018
SOQ Due Date	✓ May 11, 2018	✓ July 31, 2018	✓ October 2, 2018
Shortlist Date	✓ May 24, 2018	✓ August 14, 2018	✓ October 18, 2018
Issue 1 st Draft RFP	✓ May 24, 2018	✓ August 14, 2018	✓ October 18, 2018
Debrief Teams	✓ Week of June 4, 2018	✓ Week of August 27, 2018	✓ Week of October 29, 2018
1 st Meeting with Teams	✓ June 7, 2018	✓ August 28, 2018	✓ November 1, 2018
Issue 2 nd Draft RFP	✓ June 19, 2018	✓ August 31, 2018	✓ November 20, 2018
2 nd Meeting with Teams	✓ July 10, 2018	✓ September 25, 2018	✓ December 6, 2018
Issue 3 rd Draft RFP	✓ July 19, 2018	✓ October 9, 2018	✓ December 14, 2018
3 rd Meeting with Teams	✓ August 7, 2018	✓ October 23, 2018	✓ January 8, 2019

Status & Next Steps

	R-2828	R-2721B	R-2721A
Issue Final RFP	✓ August 14, 2018	✓ November 6, 2018	✓ January 22, 2019
Technical Proposals Due	✓ October 30, 2018	✓ January 29, 2019	March 27, 2019
Price Proposals Due	✓ November 14, 2018	✓ February 8, 2019	April 8, 2019
Open Price Proposals	✓ November 20, 2018	✓ February 19, 2019	April 16, 2019
Award Contract	✓ November 30, 2018	✓ February 26, 2019	
Execute Contract	✓ December 17, 2018	✓ March 15, 2019	
Limited Notice to Proceed	✓ December 19, 2018		

Design-Build Contractors

R-2828

- The Lane Construction Corporation / Blythe Construction, Inc. JV

R-2721B

- Flatiron Constructors, Inc. / Branch Civil, Inc. JV

R-2721A – Short-listed Teams

- Granite Construction Company / Fred Smith Company JV
- Flatiron Constructors, Inc. / Branch Civil, Inc. JV
- The Lane Construction Corporation / Blythe Construction, Inc. JV
- Archer Western Construction, LLC

R-2828 Design-Build Contract

Price Proposal from Lane-Blythe JV	\$403.20M
Plan of Finance Assumed Price	\$426.60M
Notice of Award and Limited Notice to Proceed	December 2018
Project Financial Closing	Summer 2019
Unlimited Notice to Proceed	Summer 2019
Substantial Completion Date	September 1, 2023
Final Completion Date	January 1, 2024
DBT Proposed Substantial Completion Date	October 24, 2022
DBT Proposed Project Completion Date	November 24, 2022

R-2721 B Design-Build Contract

Price Proposal from Flatiron-Branch JV	\$159.98M
Plan of Finance Assumed Price	\$165.72M
Notice of Award and Limited Notice to Proceed	March 2019
Project Financial Closing	Summer 2019
Unlimited Notice to Proceed	Summer 2019
Substantial Completion Date	September 1, 2023
Final Completion Date	January 1, 2024
DBT Proposed Substantial Completion Date	August 29, 2022
DBT Proposed Project Completion Date	October 19, 2022

Complete 540 Finance Update



David Roy

NCTA Director of Finance

David Miller

PFM Financial Advisors

Plan of Finance

Complete 540 Funding Sources:

- \$496 million TIFIA Loan for the Complete 540 project
- \$617 million Senior Lien Toll Revenue Bonds
- \$243 million NCDOT GARVEE Bonds
- \$81 million NCDOT GARVEE State Match
- \$81 million NCDOT National Highway Performance Program
 - Currently available per STIP but not anticipated to be needed

Financing Assumptions

Toll Revenue Bonds

- Interest Rate: AAA MMD (3/15/2019) + BBB Revenue Bond credit spreads + 75 bps cushion
- Common DSRF funded to 50% of the standard lesser of three test
- Gross pledge on parity with Series 2009 and Series 2017 Toll Revenue Bonds

TIFIA

- Interest Rate: 3.78% (TIFIA Rate as of 3/15/2019) + 75 bps cushion
- DSRF funded to 50% of the standard lesser of three test (same as senior lien bond requirement)

General Reserve

- Common with the existing Triangle Expressway
- Minimum Balance Target: \$50 million

Financial Covenants

Rate Covenant

- 1.30x Senior Lien Debt service
- 1.10x Senior, Subordinate and TIFIA debt service
- TIFIA Loan Life Coverage Ratio TBD

Additional Bonds Test

- Rate Covenant compliance
- Projected debt service coverage ratios of at least:
 - 1.40x Senior Lien debt service
 - 1.30x Senior, Subordinate and TIFIA debt service for the issuance of senior lien debt
 - 1.20x Senior, Subordinate and TIFIA debt service for the issuance of subordinate lien debt
 - TIFIA Loan Life Coverage Ratio TBD

Sources and Uses

Sources

TIFIA Loan / TIFIA BANS	495,803,743
Toll Revenue Bonds	616,992,895
General Reserve Contribution	19,166,118
NCDOT GARVEE / State Match	324,000,000

Total Sources	1,455,962,755
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Uses

Construction Cost	1,295,536,100
Debt Service Reserve Funds	29,300,698
Costs of Issuance / UW Discount	4,753,564
Capitalized Interest Cost	126,372,394

Total Uses	1,455,962,755
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Projected Coverage Ratios

Senior Lien Toll Revenue Bonds

- 1.65x Minimum
- 2.99x Average (through 2055)

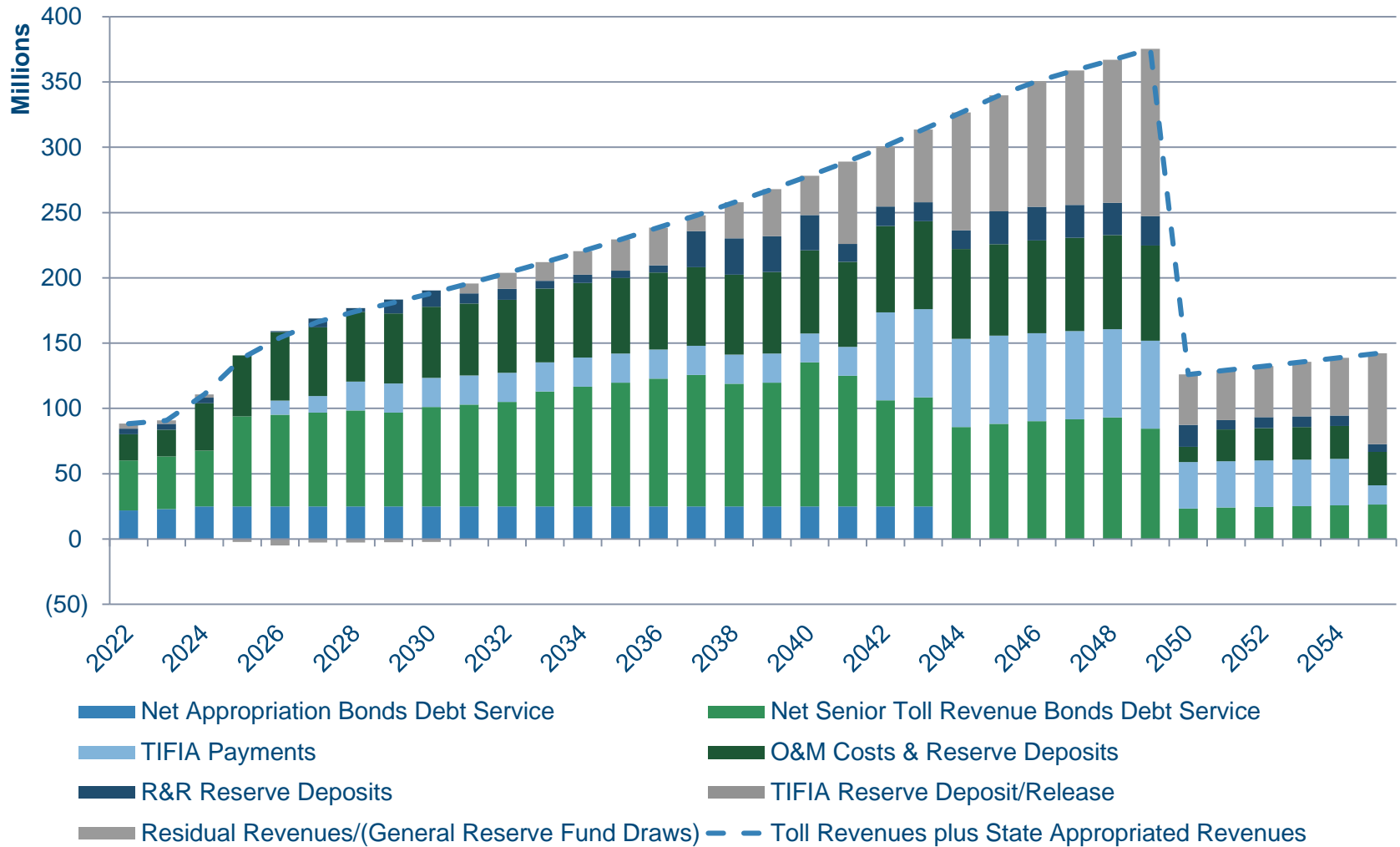
TIFIA Loan

- 1.56x Minimum
- 1.93x Average (through 2055)

All-in

- 0.86x Minimum (shortfalls paid from General Reserve or NCDOT guarantee)
- 1.18x Average (through 2055)

Projected Cash Flows



TIFIA Update



Invited into
Creditworthiness in
January



Responded to initial
due diligence
questions



Attended the sponsor
presentation and work
group session at
USDOT in February

Tentative Schedule

Date	Event
February 2019	TIFIA Sponsor Presentation and Work Group
March 2019	Draft TIFIA Loan Agreement
April 2019	TIFIA Credit Review Team
May 2019	Submit TIFIA Application Solicit Final Credit Ratings
June 2019	Receive Final Credit Ratings TIFIA Council on Credit and Finance Bond Pricing
July 2019	TIFIA Loan Closing / Bond Closing

Interim Funding

May 2018, the NCBOT adopted a resolution advancing \$100 million for Initial or Early Costs of the Complete 540 project

Current cash flow schedule forecasts the \$100 million to be exhausted in the July-August timeframe

Possible Interim Funding Options

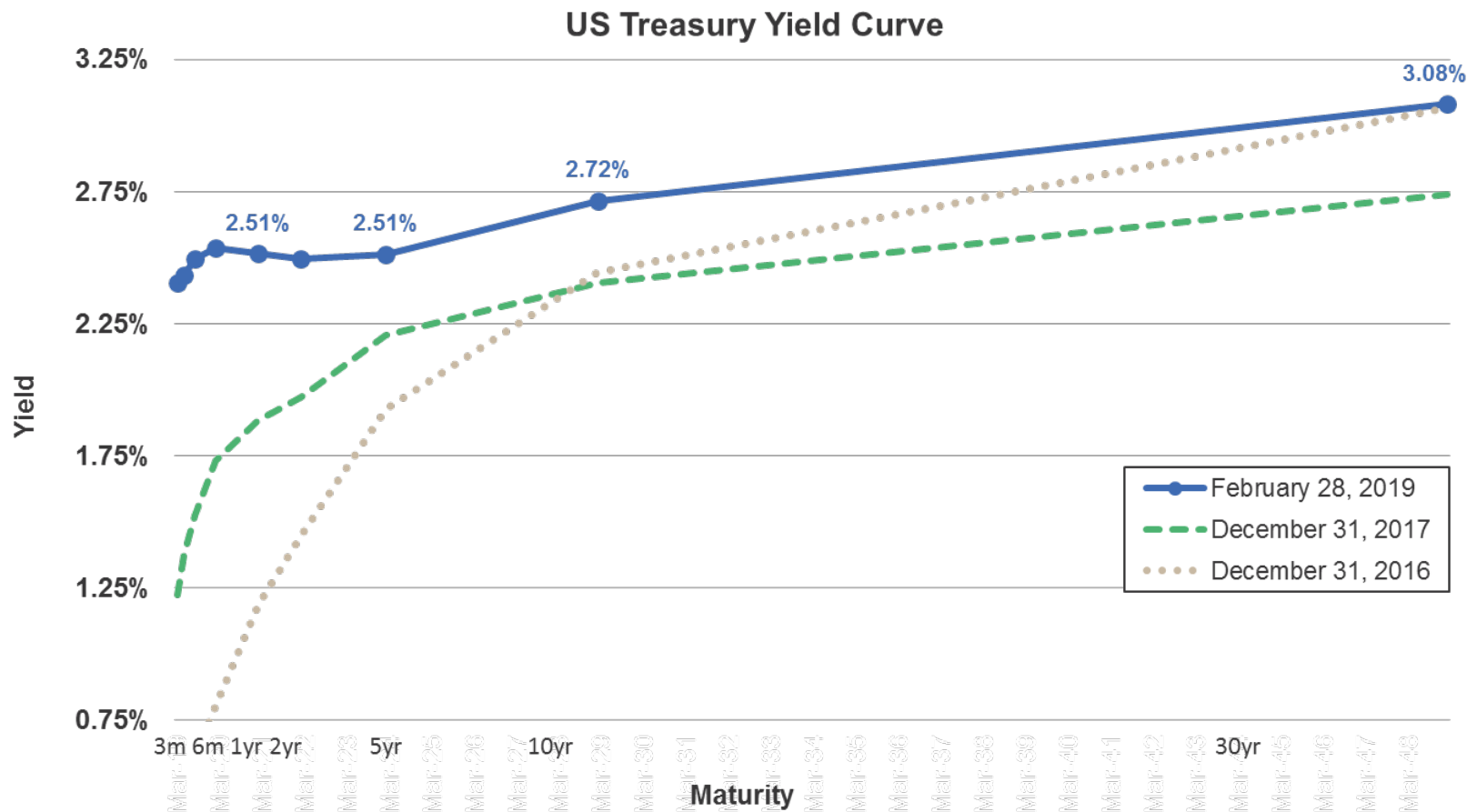
Issue GARVEEs in Advance of the Current Schedule

- Advance the issuance of the \$243 million in the STIP currently projected for 2021-2022
 - Remains consistent with the Plan of Finance
-

Capital Market Interim Funding

- Leverage existing Triangle Expressway revenues to secure around \$200 million in additional short-term funding
- Would be taken out by a draw on the TIFIA loan upon after substantial completion

U.S. Treasury Yield Curve Inverted in 1-5 Year Maturities

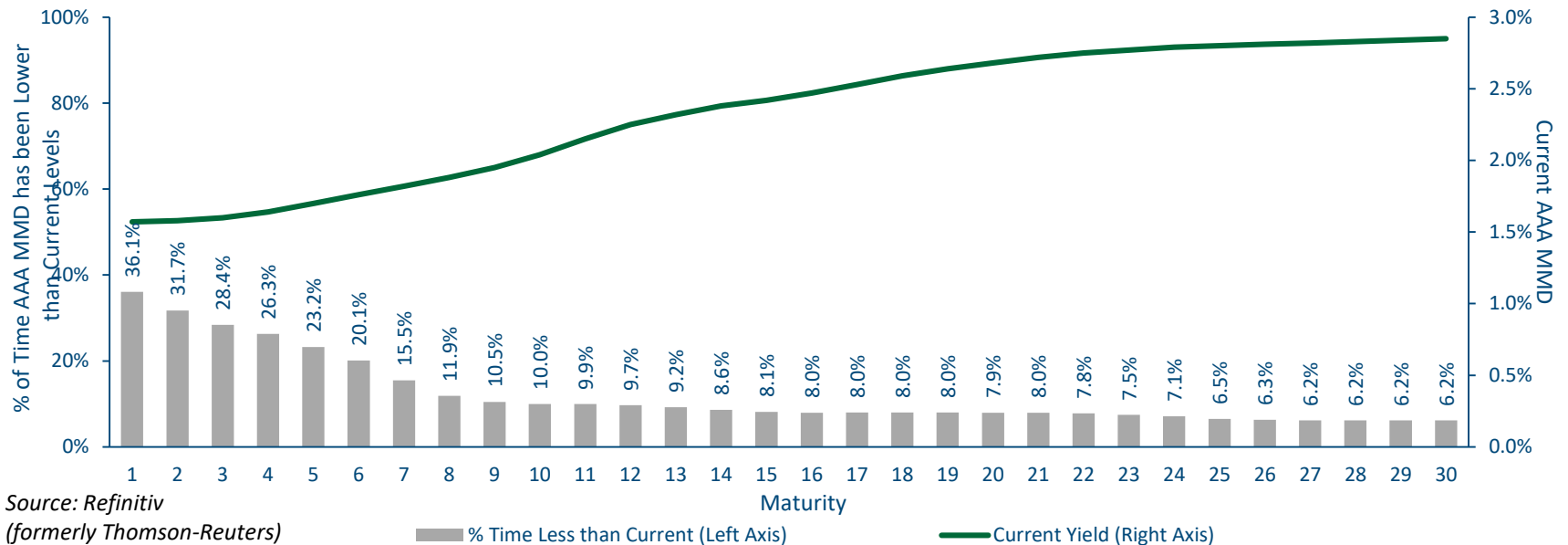


Source: Bloomberg, as of 02/28/19.

Market Interest Rate Movements

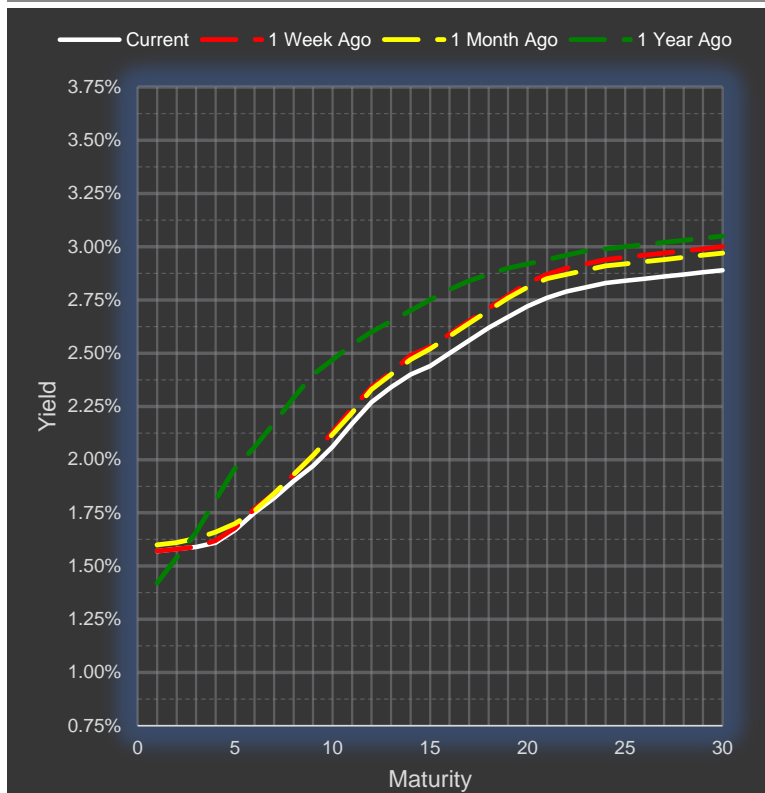
The graph below compares current AAA MMD rates to rates since 1986. Interest rates have been lower less than 10% of the time on the long end of the curve.

% Of Time AAA MMD Has Been Lower Since 1986 (Left Axis)
03/15/2019 AAA MMD

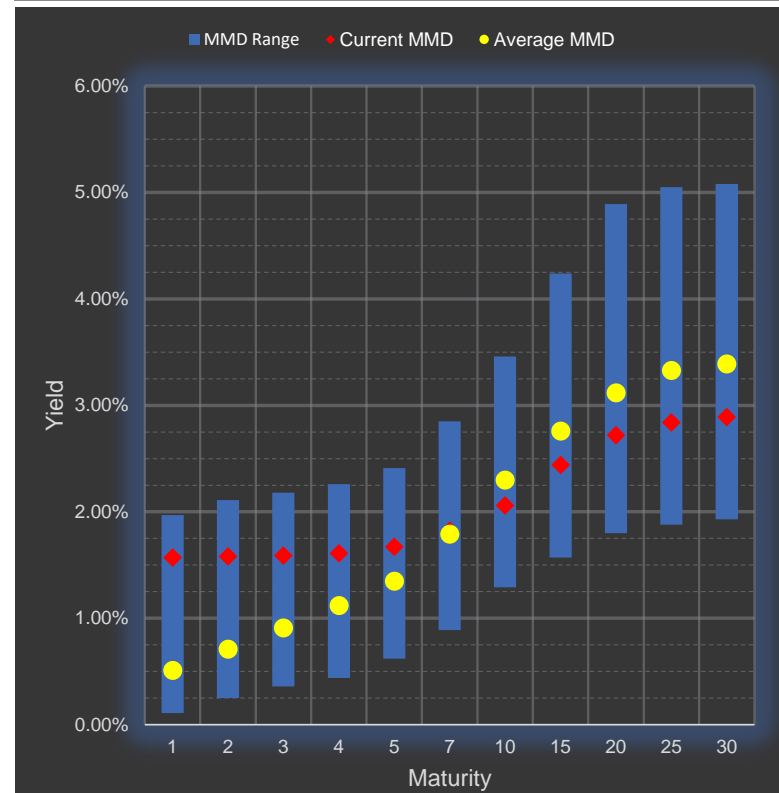


Market Interest Rate Movements

MMD AAA G.O. Curve



MMD Ranges Over Past 10 Years



Spot Rates

	Current	1 Week Ago	1 Month Ago	1 Year Ago
2-Year	1.58%	1.58%	1.61%	1.54%
5-Year	1.67%	1.68%	1.70%	1.96%
7-Year	1.82%	1.84%	1.84%	2.17%
10-Year	2.06%	2.13%	2.12%	2.47%
30-Year	2.89%	3.00%	2.97%	3.05%

MMD Ranges Over Past 10 Years

	Current	10yr Avg	vs. 10yr Avg	Min	Max
2-Year	1.58%	0.71%	87 bps	0.25%	2.11%
5-Year	1.67%	1.35%	32 bps	0.62%	2.41%
7-Year	1.82%	1.79%	3 bps	0.89%	2.85%
10-Year	2.06%	2.30%	-24 bps	1.29%	3.46%
30-Year	2.89%	3.39%	-50 bps	1.93%	5.08%

Source: Thomson Reuters

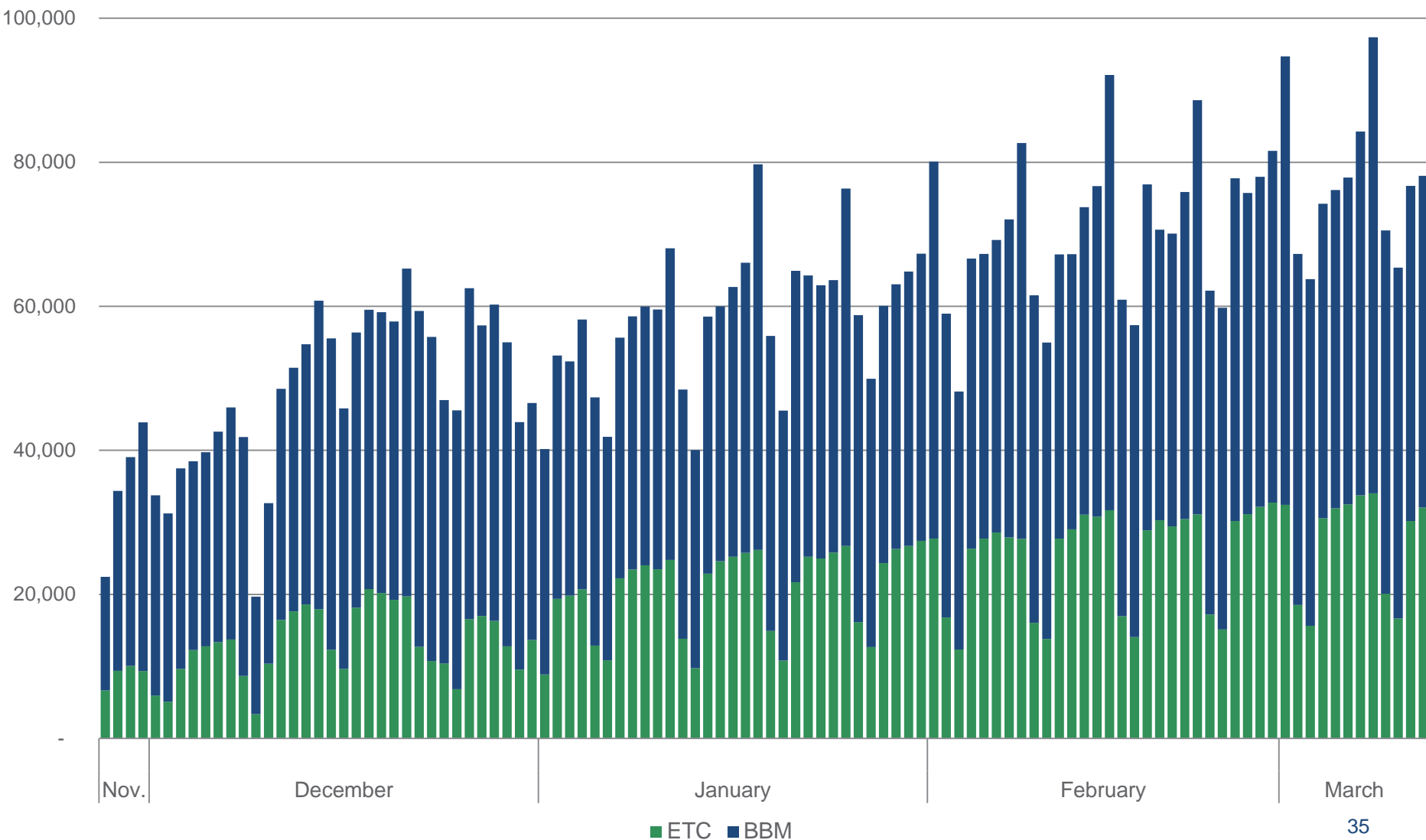
PFM Pricing Group

Monroe Expressway Update

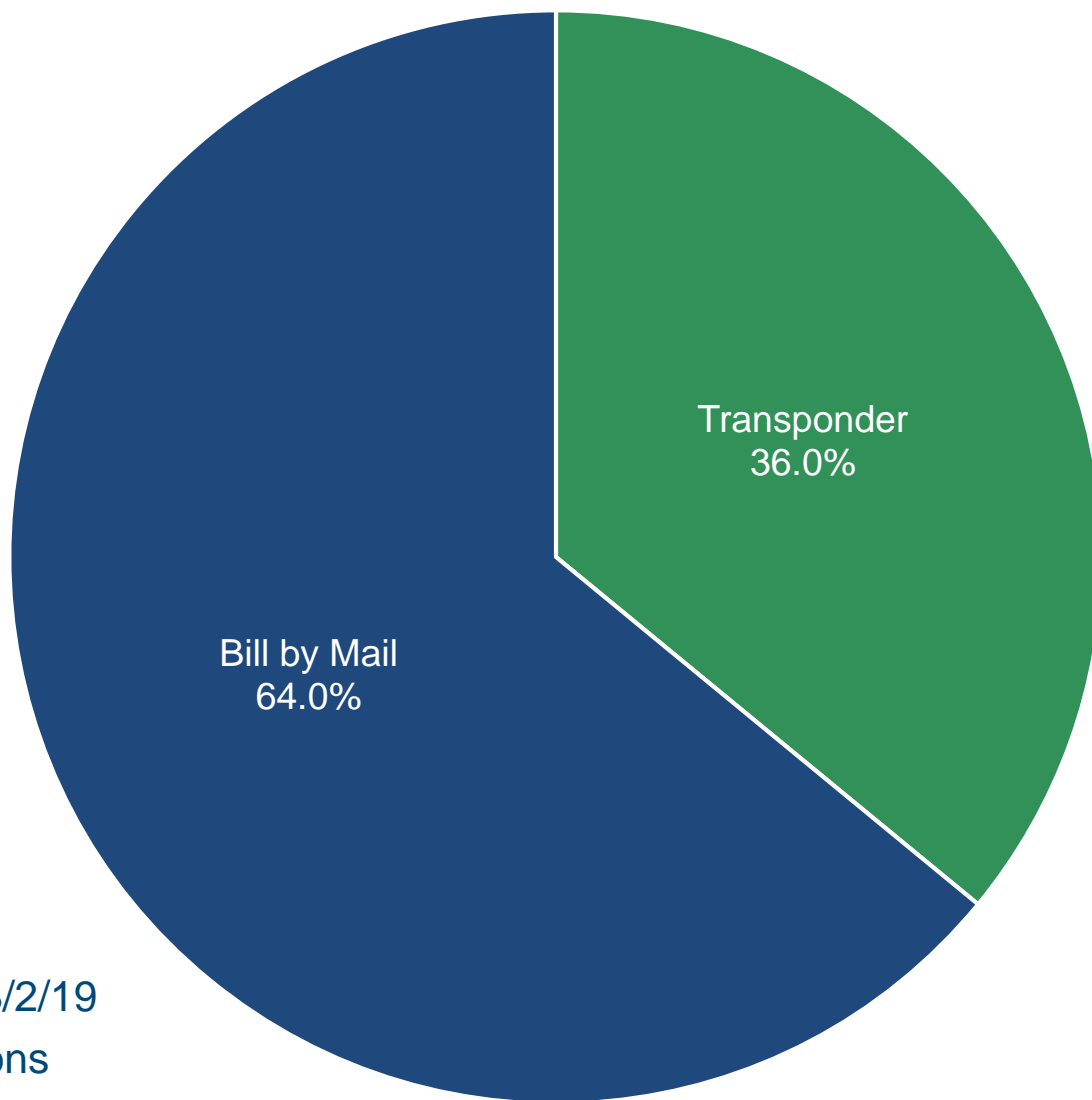


Andy Lelewski, P.E.
NCTA Director of Toll Operations

Total Transactions Processed



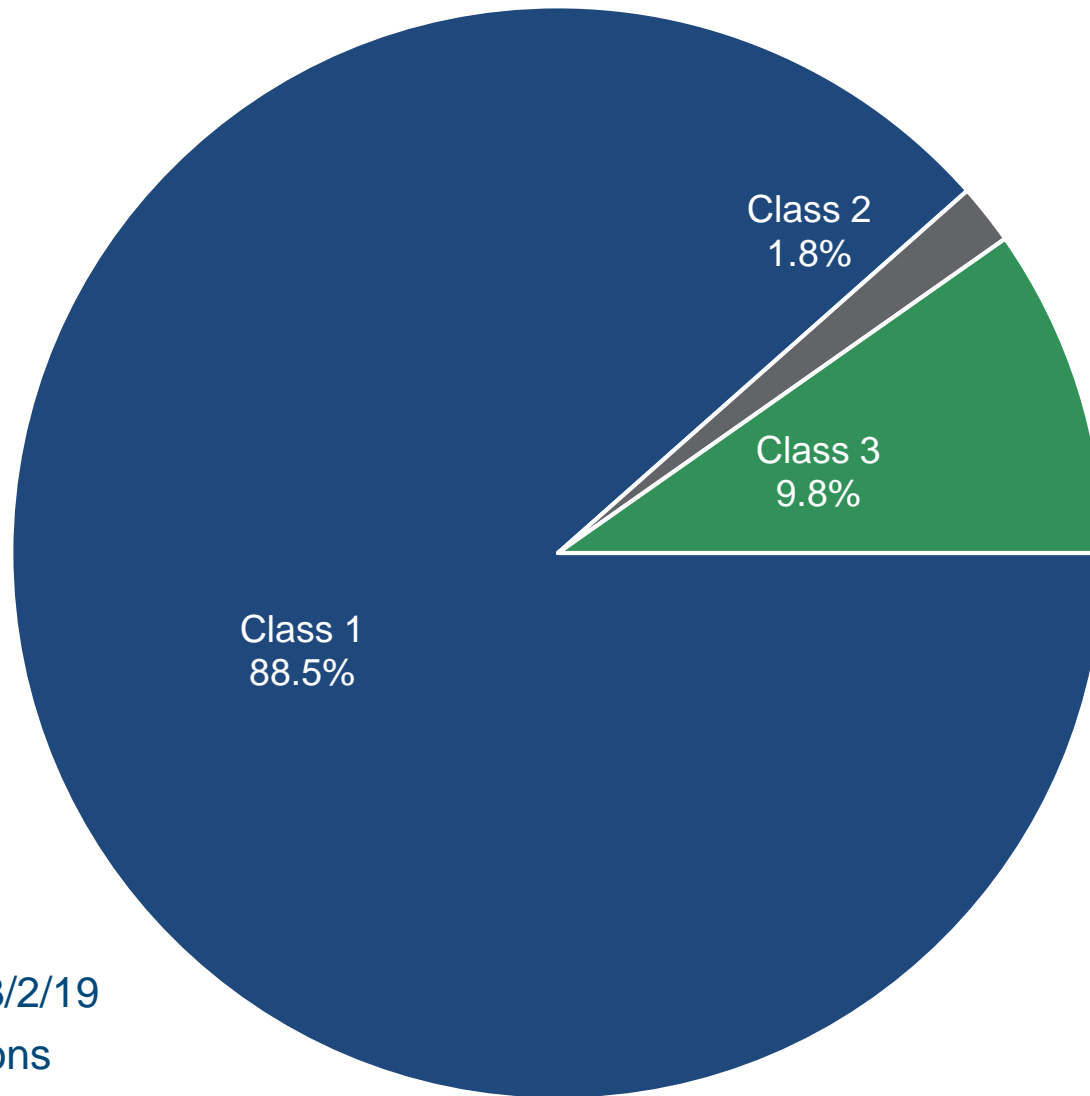
Transaction Type



Dates: 2/24/19 – 3/2/19

534,834 transactions

Transaction Classification



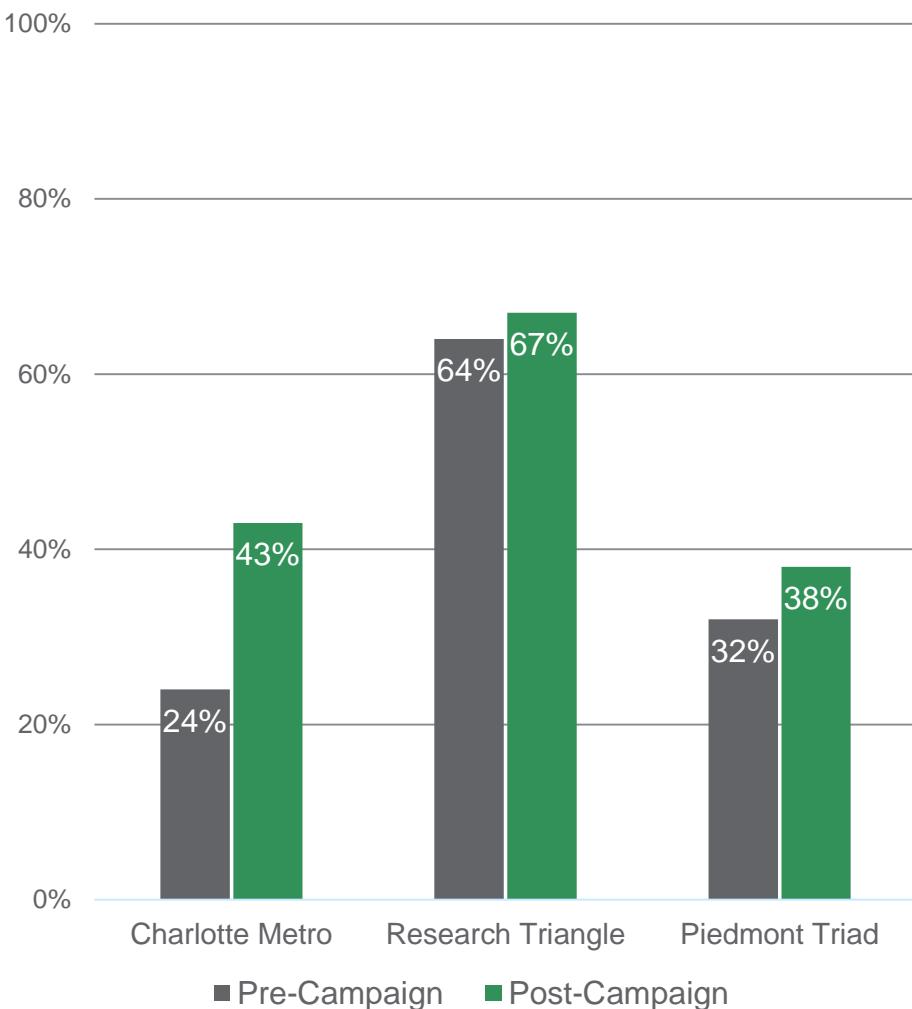
Dates: 2/24/19 – 3/2/19

534,834 transactions

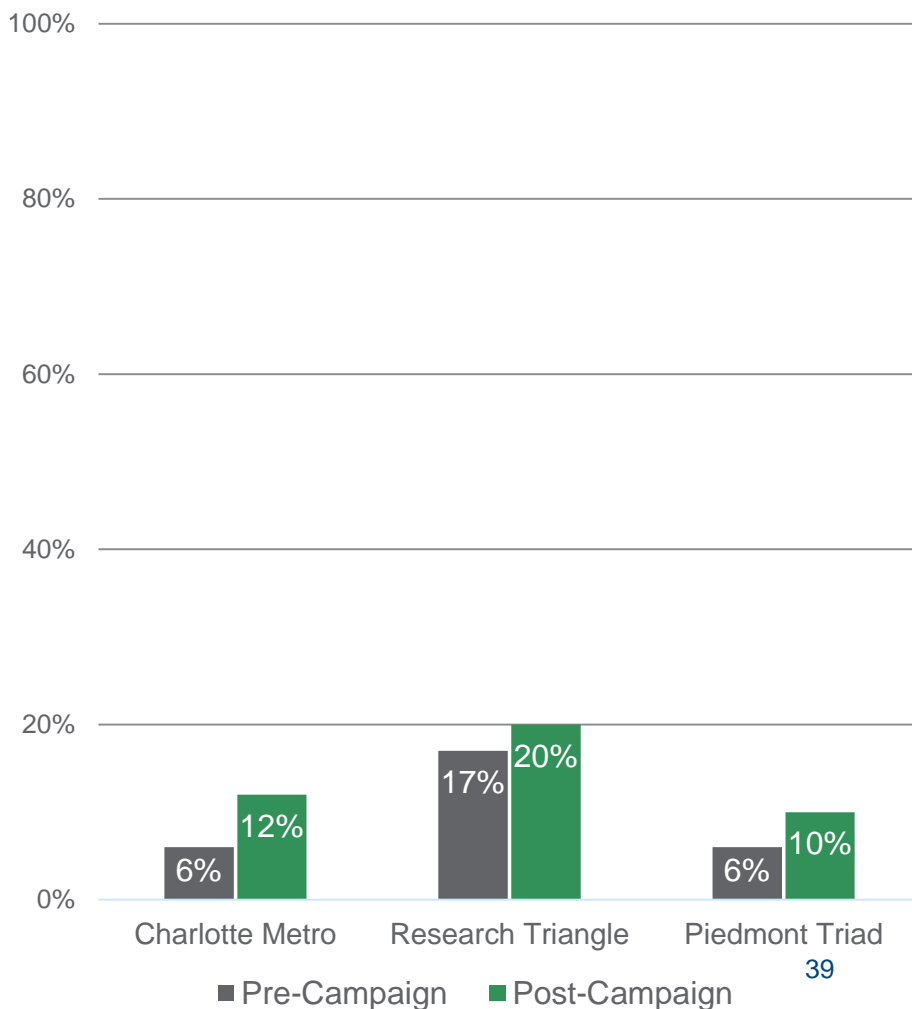


Market Research Results

NCQP Transponder Awareness



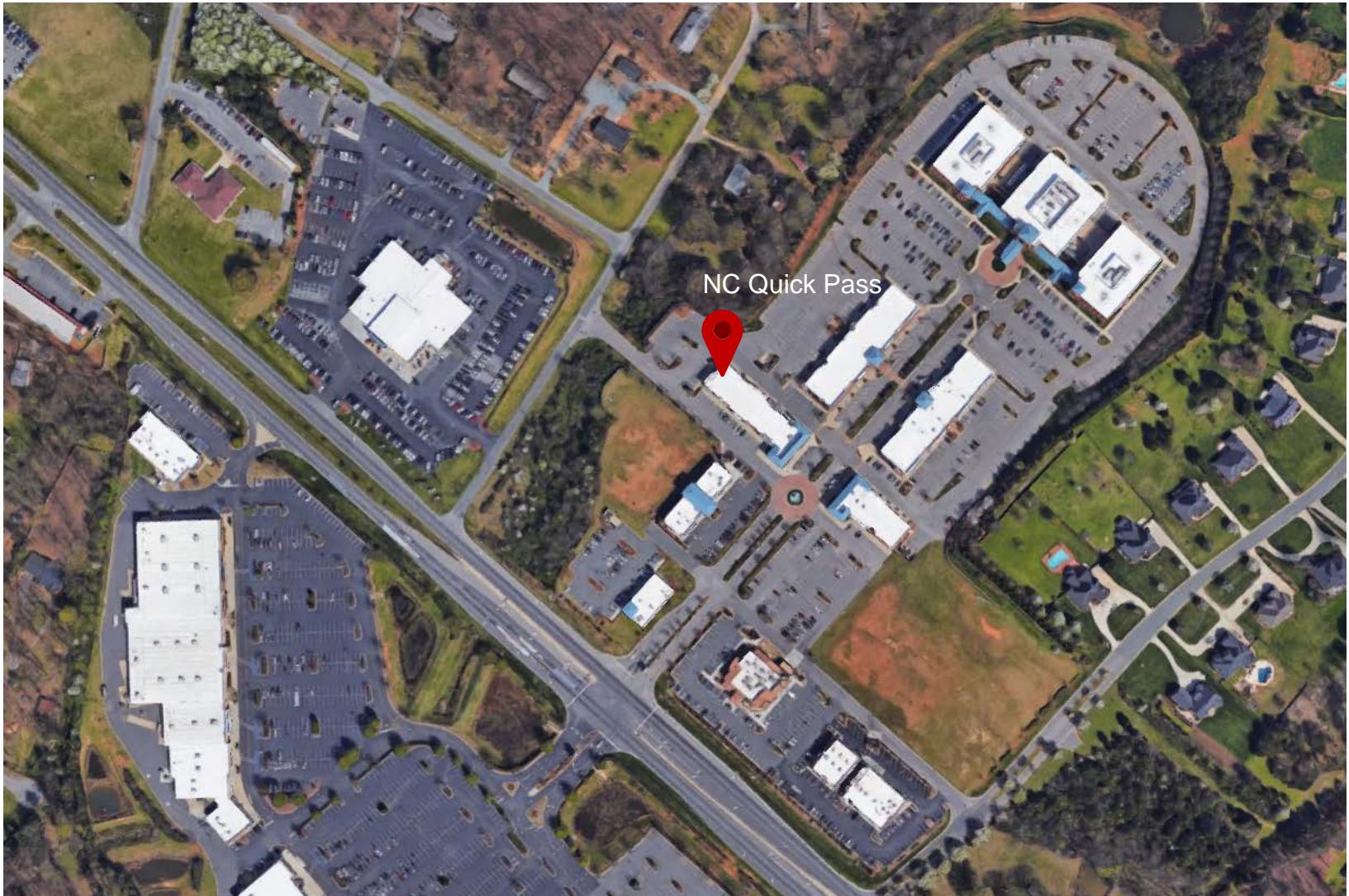
NCQP Transponder Ownership



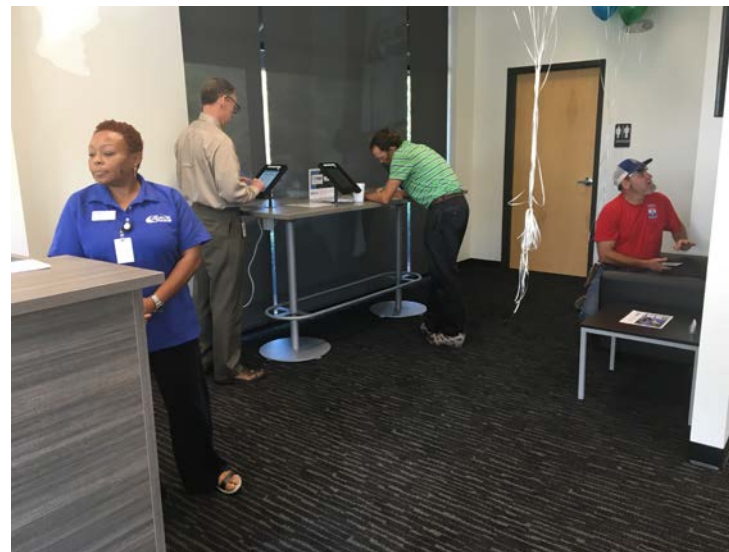
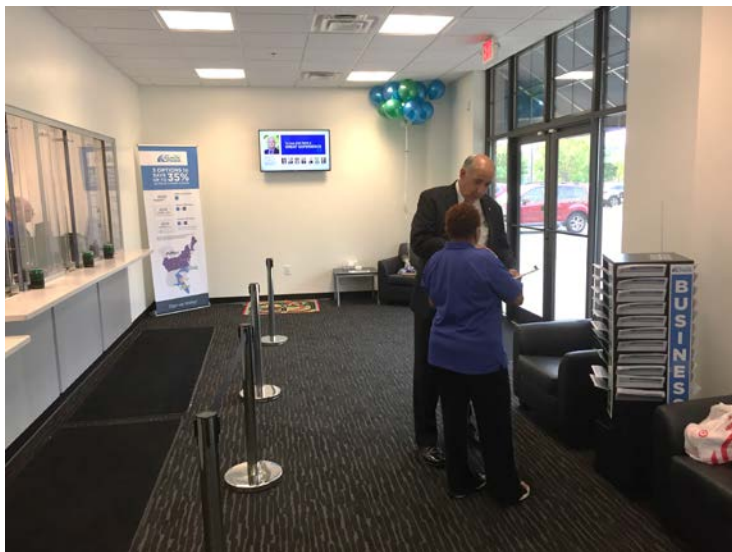
Monroe Customer Service Center



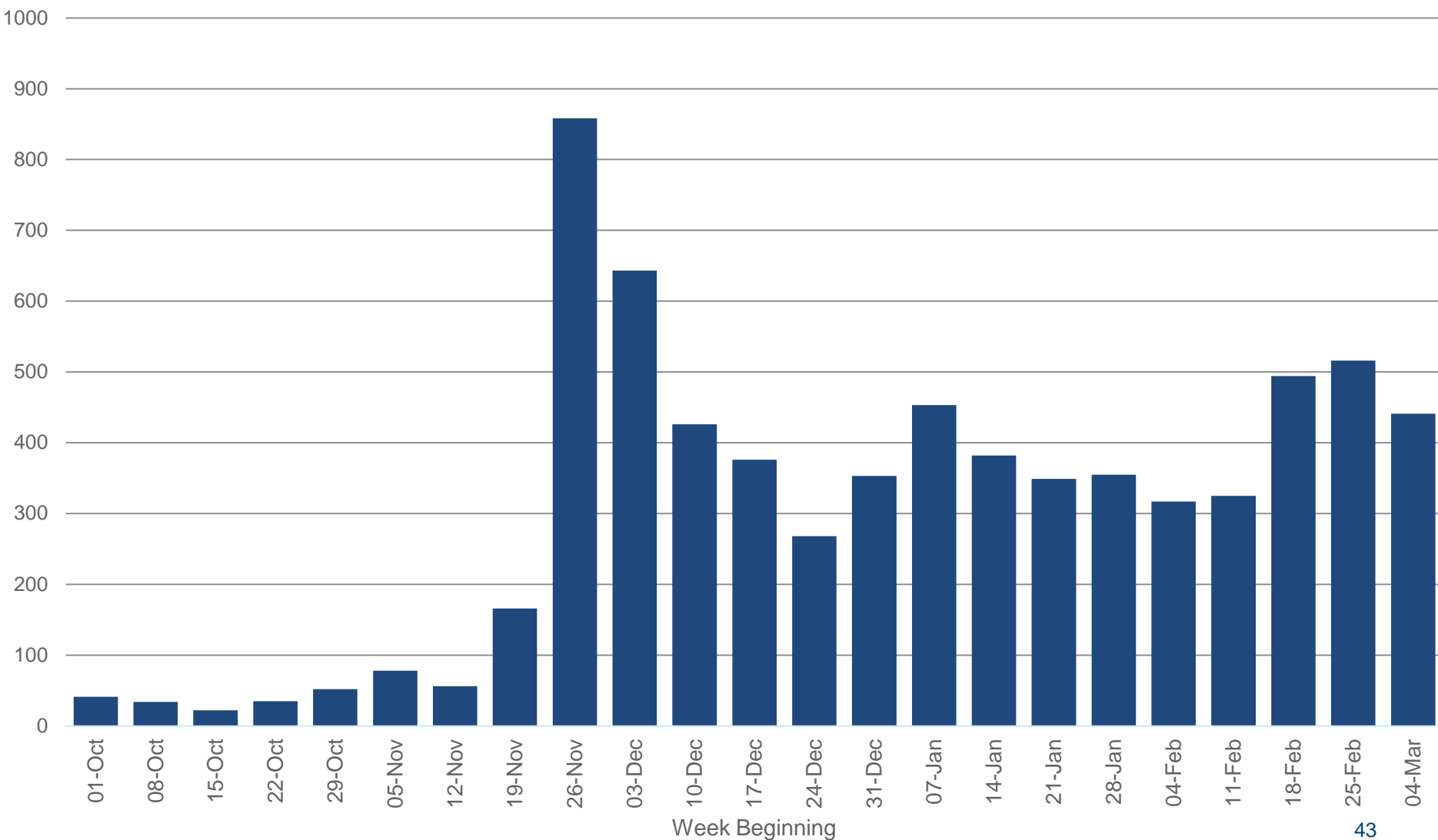
Monroe Customer Service Center



Monroe Customer Service Center



Monroe CSC Visitors



Thank You!

