

# North Carolina Turnpike Authority

NCTA Finance Committee Meeting

June 17, 2020



# Opening Comments

**JJ Eden**  
Executive Director

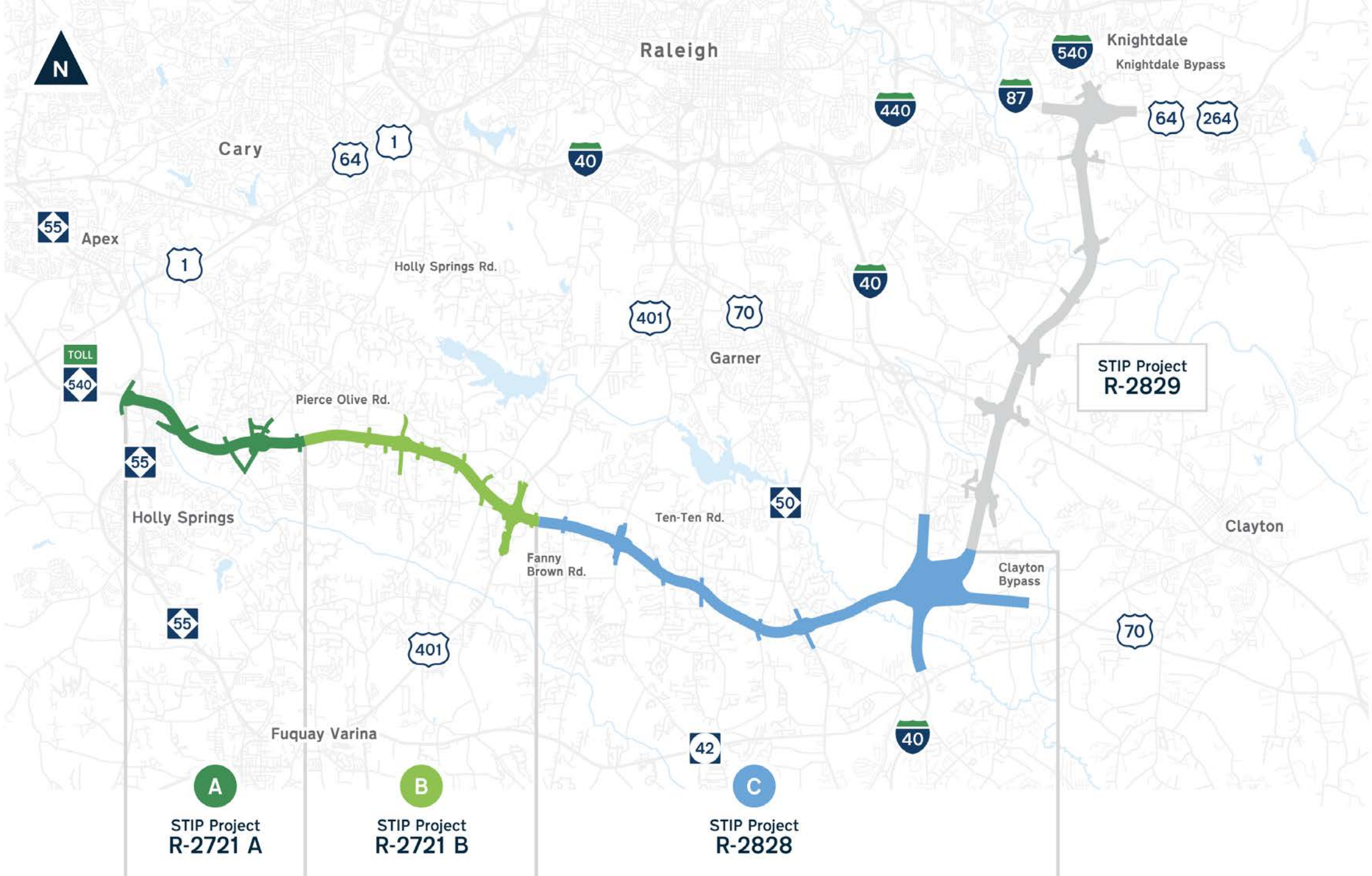
## April Statistics

- Triangle Expressway
  - Transactions - 1.9 million
  - Revenue - \$3.4 million
- Monroe Expressway
  - Transactions - 1.6 million
  - Revenue - \$1.5 million
- Transponders
  - Nearly 9,700 distributed
  - Over 832,000 distributed program-to-date as of April 30, 2020

# Complete 540 Construction Update

**Dennis Jernigan P.E.**  
Director of Highway Operations



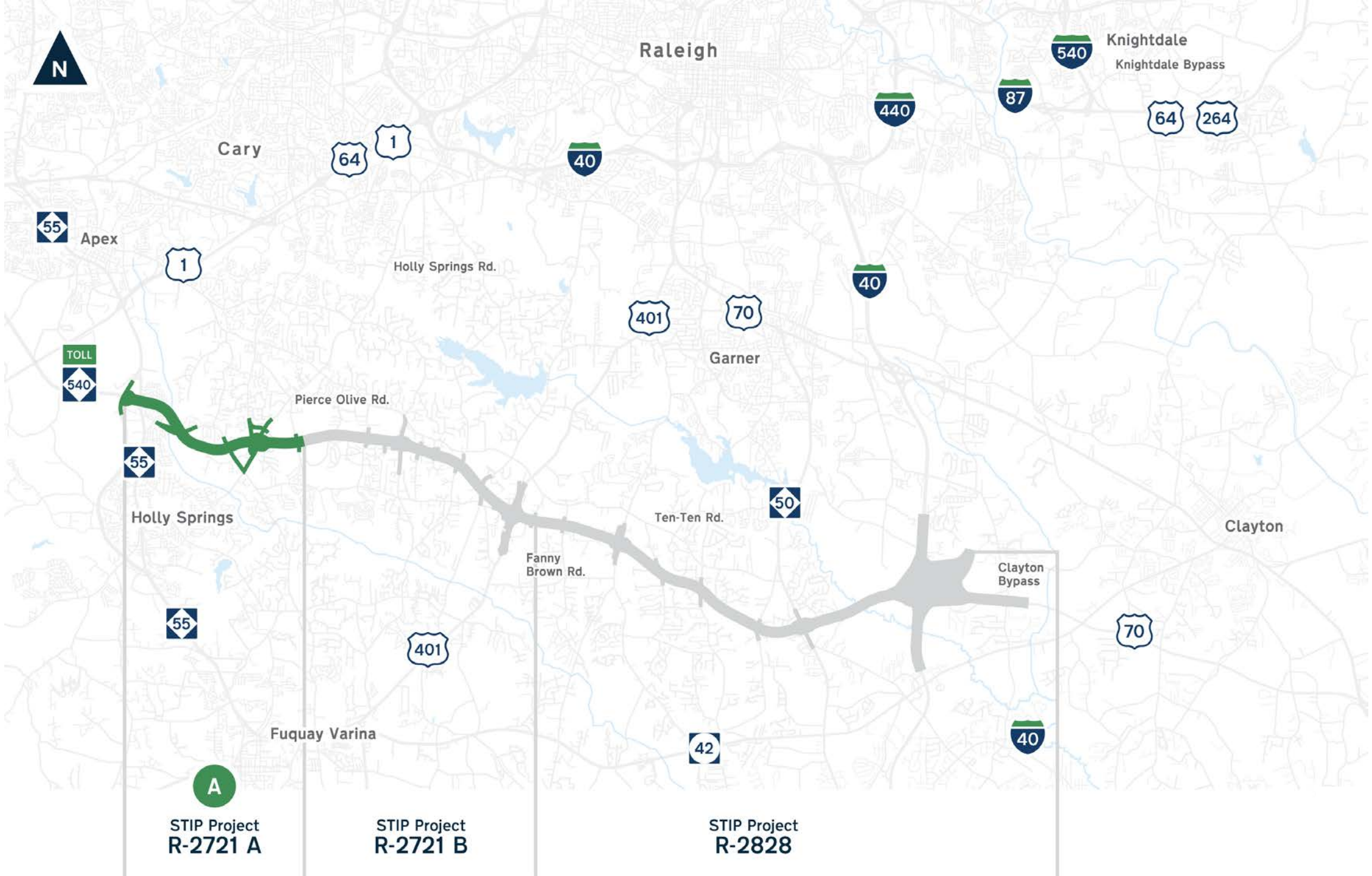


**A**  
STIP Project  
R-2721 A

**B**  
STIP Project  
R-2721 B

**C**  
STIP Project  
R-2828

STIP Project  
R-2829



**A**  
STIP Project  
R-2721 A

STIP Project  
R-2721 B

STIP Project  
R-2828

R-2721A

A

74%

Plans for  
Construction

4.3 miles

Length of Project

\$183.5M

Cost of Contract

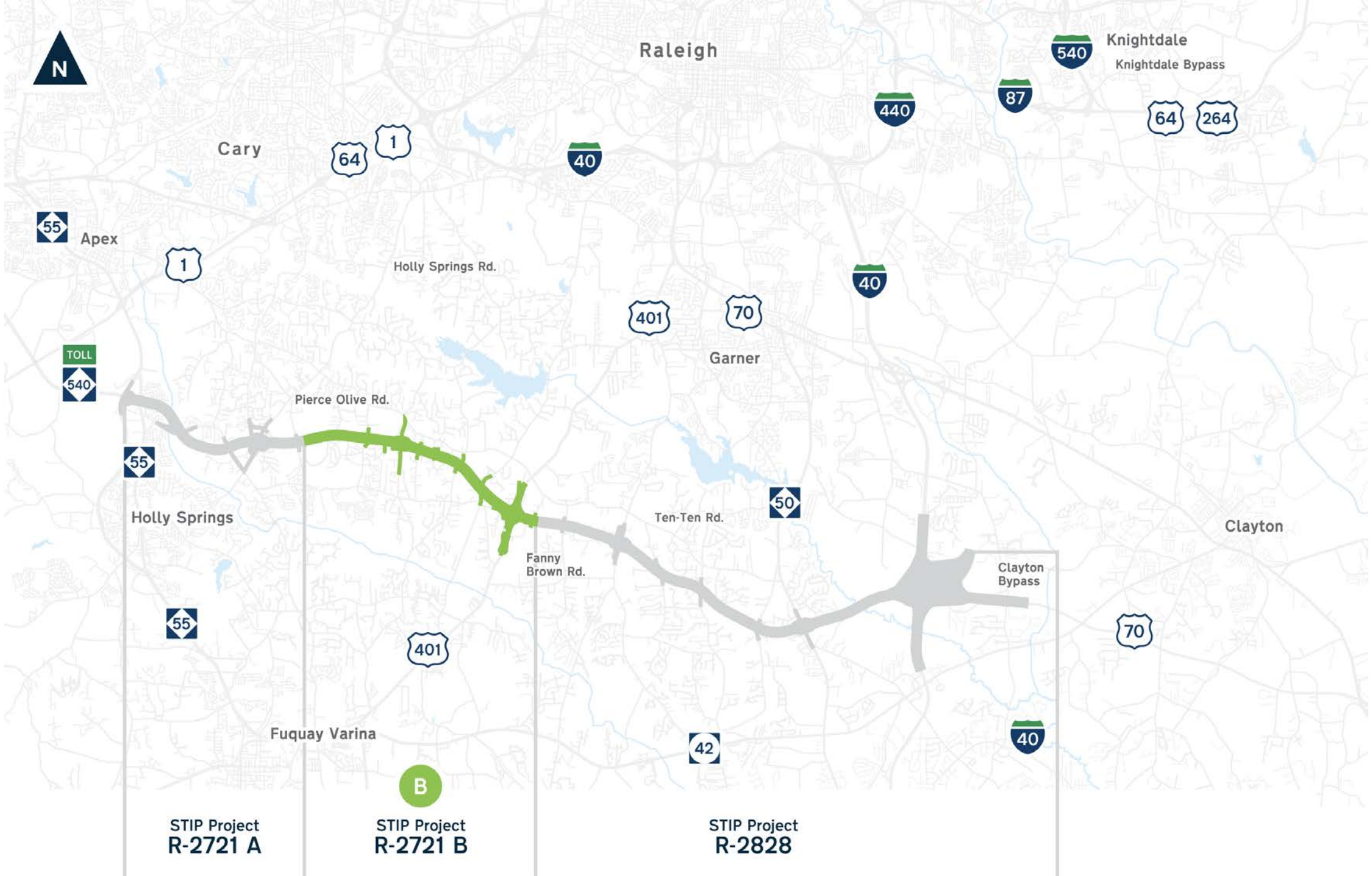
193

Design Submittals

97%

Parcels Settled





STIP Project  
R-2721 A

STIP Project  
R-2721 B

STIP Project  
R-2828



R-2721B

B

77%

Plans for  
Construction

4.9 miles

Length of Project

\$160.0M

Cost of Contract

152

Design Submittals

95%

Parcels Settled



STIP Project  
R-2721 A

STIP Project  
R-2721 B

STIP Project  
R-2828

R-2828



90%

Plans for  
Construction

8.6 miles

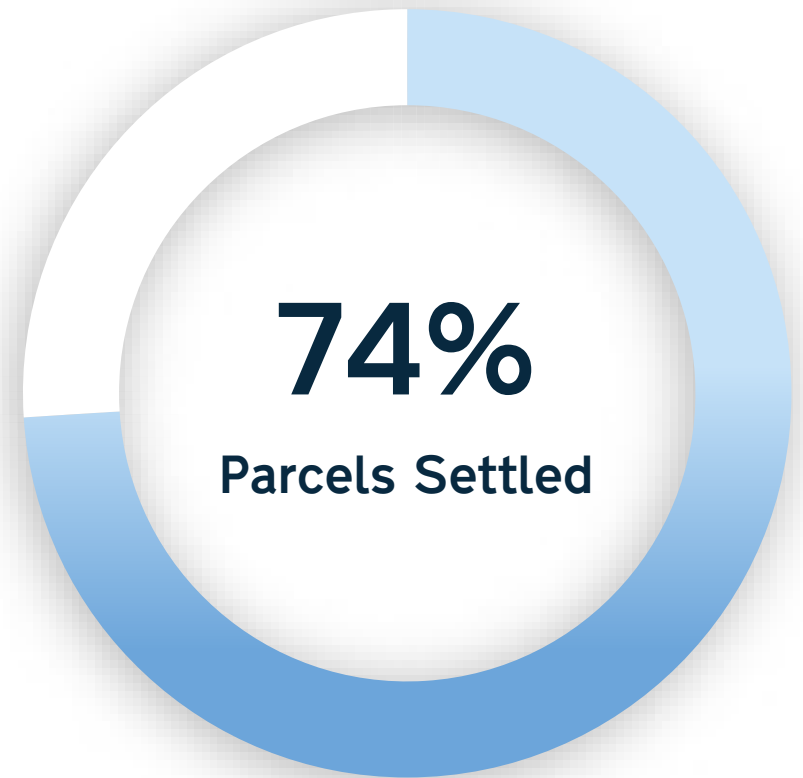
Length of Project

\$403.2M

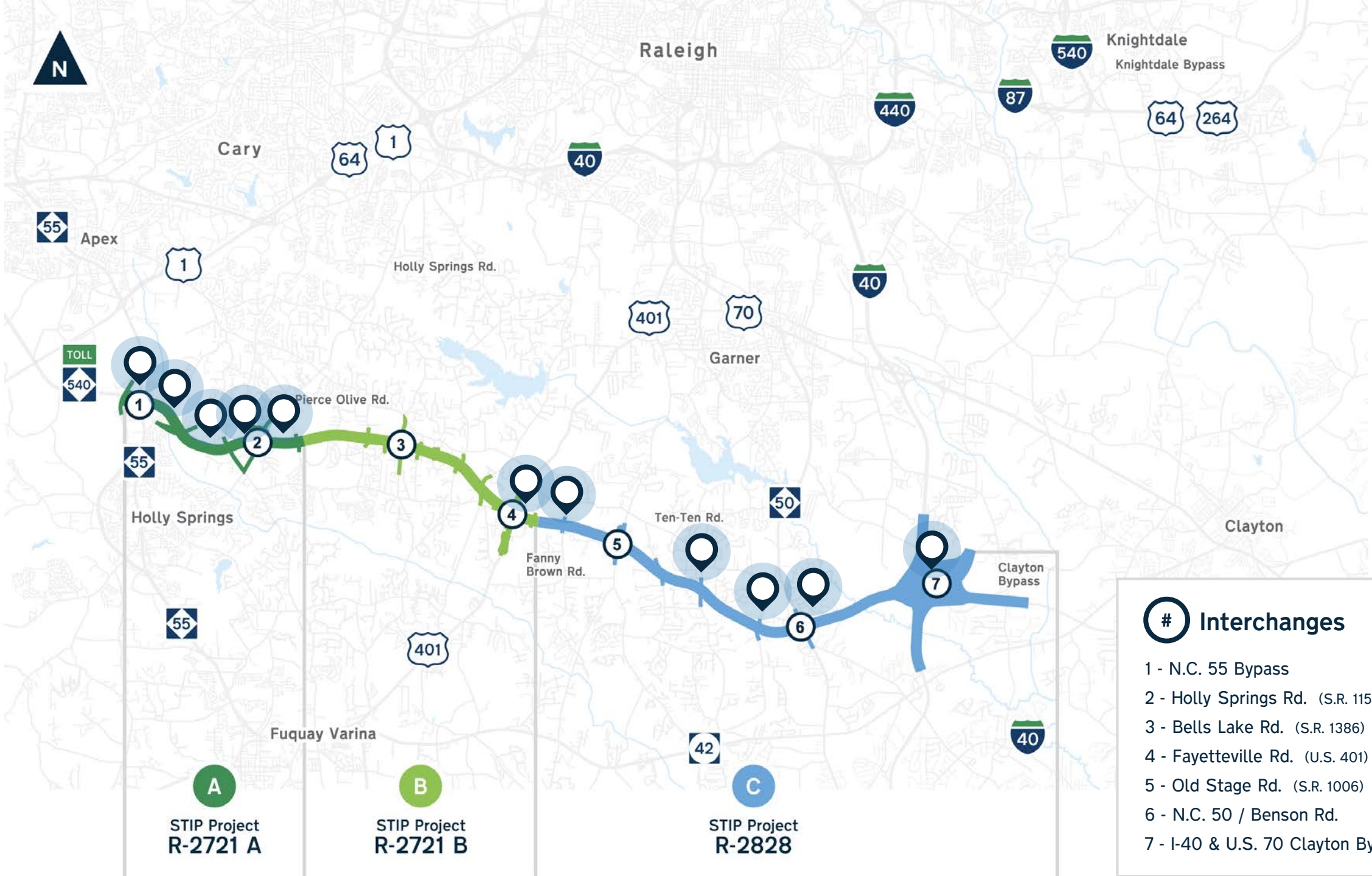
Cost of Contract

363

Design Submittals

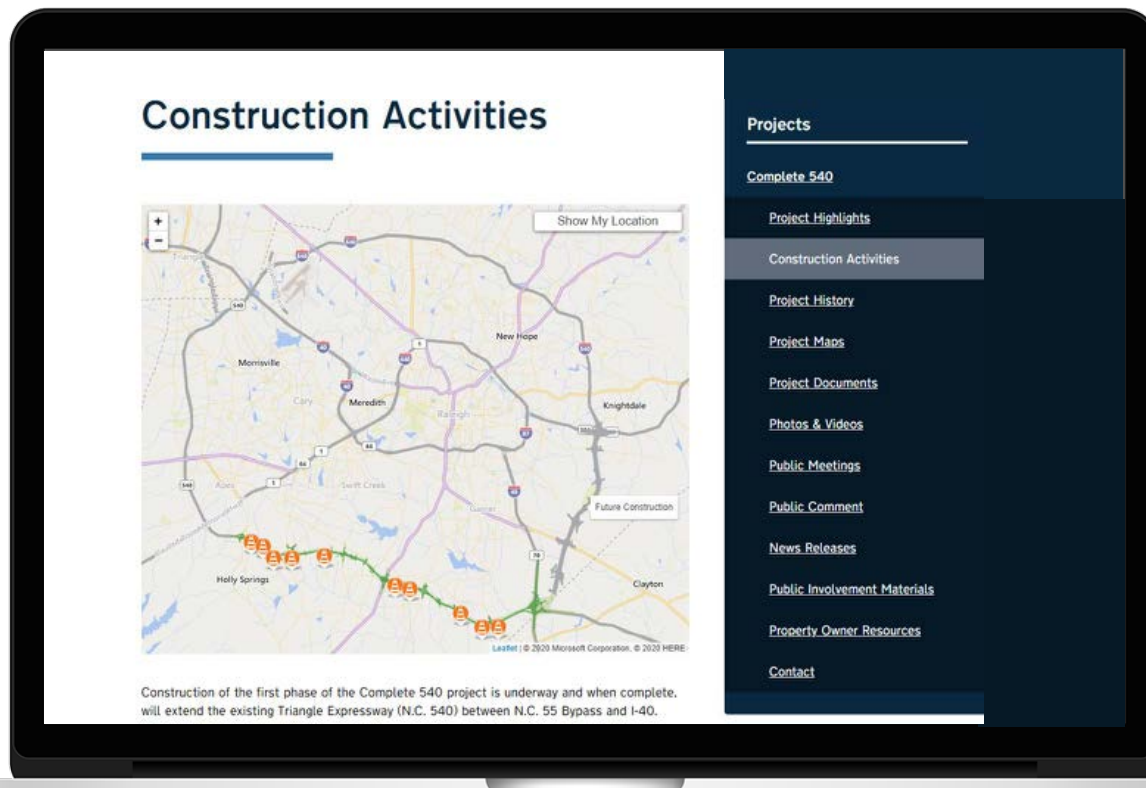






- # Interchanges**
- 1 - N.C. 55 Bypass
  - 2 - Holly Springs Rd. (S.R. 1152)
  - 3 - Bells Lake Rd. (S.R. 1386)
  - 4 - Fayetteville Rd. (U.S. 401)
  - 5 - Old Stage Rd. (S.R. 1006)
  - 6 - N.C. 50 / Benson Rd.
  - 7 - I-40 & U.S. 70 Clayton Bypass

# Complete 540 Interactive Map



Creative

Connected

Convenient

























Wake  
Tech

























# Complete 540 Outreach



Virtual Neighborhood Meetings

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Complete 540 Interactive Map

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Resident Communications

# Complete 540 Spend Update

**David Roy**

Director of Finance & Budget



# Plan of Finance Cost Tracking

	DESCRIPTION	Original Cost Estimate (\$M)	Revised Cost Estimate (\$M)	Spent as of May 31, 2020	% of Budget Spent
R-2721A	Construction	\$ 183.76	\$ 183.87	\$ 39.18	21%
	Toll Integration	\$ 3.96	\$ 3.96	\$ -	0%
	Landscaping	\$ 2.67	\$ 2.67	\$ -	0%
	Right of Way	\$ 54.89	\$ 91.19	\$ 69.77	77%
	Utilities	\$ 8.39	\$ 18.41	\$ 1.09	6%
	Agency Costs:	\$ 53.79	\$ 40.66	\$ 2.23	6%
	PROJECT SUB-TOTAL	\$ 307.46	\$ 340.75	\$ 112.28	33%
R-2721B	Construction	\$ 161.14	\$ 158.84	\$ 31.26	20%
	Toll Integration	\$ 6.98	\$ 6.98	\$ -	0%
	Landscaping	\$ 2.32	\$ 2.32	\$ -	0%
	Right of Way	\$ 79.08	\$ 90.56	\$ 66.85	74%
	Utilities	\$ 26.41	\$ 16.55	\$ 5.86	35%
	Agency Costs:	\$ 49.04	\$ 46.85	\$ 2.38	5%
	PROJECT SUB-TOTAL	\$ 324.97	\$ 322.10	\$ 106.35	33%
R-2828	Construction	\$ 406.12	\$ 381.31	\$ 68.06	18%
	Toll Integration	\$ 10.30	\$ 10.30	\$ -	0%
	Landscaping	\$ 5.84	\$ 5.84	\$ -	0%
	Right of Way	\$ 71.62	\$ 77.62	\$ 17.56	23%
	Utilities	\$ 24.40	\$ 48.35	\$ -	0%
	Agency Costs:	\$ 144.73	\$ 109.17	\$ 5.07	5%
	PROJECT SUB-TOTAL	\$ 663.01	\$ 632.59	\$ 90.69	14%
TOTAL	Construction	\$ 751.02	\$ 724.02	\$ 138.50	19%
	Toll Integration	\$ 21.24	\$ 21.24	\$ -	0%
	Landscaping	\$ 10.83	\$ 10.83	\$ -	0%
	Right of Way	\$ 205.59	\$ 259.37	\$ 154.13	59%
	Utilities	\$ 59.20	\$ 83.30	\$ 6.95	8%
	Agency Costs:	\$ 247.56	\$ 196.68	\$ 9.74	5%
	PROJECT COST FOR FINANCING	\$ 1,295.44	\$ 1,295.44	\$ 309.32	24%

# Right of Way Cost Update

Project	ROW Budget Amount (\$M)	ROW Spent to Date (\$M)	Percent Spent	ROW Remaining (\$M)	Percent Remaining
R-2721A	\$91.19	\$69.77	77%	\$21.42	23%
R-2721B	\$90.56	\$66.85	74%	\$23.72	26%
R-2828	\$77.62	\$17.56	23%	\$60.06	77%
Total	\$259.37	\$154.18	59%	\$105.19	41%

As of June 8, 2020



# Status of Map ACT Parcels

	R-2727A	R-2721B	R-2828	Total
Settled Map ACT	8	29	5	42
Non-Settled Map ACT	8	15	21	44
Total	16	44	26	86

	Cost
Settled Map ACT Total Parcel Cost	\$81,913,303
Estimated Non-Settled Map ACT Cost	\$88,590,500
Total	\$170,503,803

# Contingencies

Contingency Item	Original Plan of Finance Budget	Revised Plan of Finance Budget
Third Party Delay Contingency	\$53,830,000	\$19,870,000
Contingency & Reserves	\$33,220,000	\$11,380,000
Fuel & AC Reserves	\$9,400,000	\$5,250,000
Total	\$96,450,000	\$36,500,000

Project	Supplement Budget	Supplemental Agreement Total	% Spent	Amount Remaining	% Remaining
R-2721A	\$12,829,200	\$109,750	1%	\$12,719,450	99%
R-2721B	\$12,527,400	\$1,141,372	9%	\$11,386,028	91%
R-2828	\$28,470,600	\$493,891	2%	\$27,976,709	98%
Total	\$53,827,200	\$1,745,013.17	3%	\$52,082,186.83	97%



Quarterly Cash Flow

Anticipated Expenditures Throughout Construction of R-2721 and R-2828

Actuals																	
	DESCRIPTION/YEAR	Cost Estimate (\$M)	As of	Apr-Jun 20	Jul-Sept 20	Oct-Dec 20	Jan-Mar 21	Apr-Jun 21	Jul-Sept 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Jul-Sept 22	Oct-Dec 22	Jan-Mar 23	Apr-Jun 23	
			March 31, 2020	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	FY24
R-2721A	Construction	\$183.87	\$34.28	\$10.29	\$14.06	\$13.24	\$12.55	\$12.67	\$12.63	\$12.84	\$12.23	\$12.84	\$12.63	\$23.62	\$0.00	\$0.00	\$0.00
	Toll Integration	\$3.96	\$0.00	\$0.00	\$0.00	\$0.00	\$0.16	\$0.24	\$0.18	\$0.18	\$0.36	\$0.48	\$0.83	\$0.83	\$0.48	\$0.24	\$0.00
	Landscaping	\$2.67	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.34	\$1.34	\$0.00	\$0.00
	Right of Way	\$91.19	\$26.31	\$31.92	\$13.68	\$8.21	\$2.74	\$2.74	\$1.82	\$1.82	\$1.37	\$0.59	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Utilities	\$18.41	\$0.27	\$5.34	\$3.87	\$3.22	\$3.22	\$2.49	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Agency Costs:	\$40.66	\$1.91	\$1.44	\$2.18	\$1.94	\$1.87	\$2.27	\$2.39	\$2.27	\$2.41	\$2.60	\$2.76	\$2.52	\$2.52	\$6.77	\$4.83
	PROJECT SUB-TOTAL	\$340.75	\$62.77	\$48.98	\$33.78	\$26.60	\$20.53	\$20.40	\$17.03	\$17.11	\$16.37	\$16.50	\$16.22	\$28.29	\$4.33	\$7.01	\$4.83
R-2721B	Construction	\$158.84	\$27.59	\$9.72	\$15.21	\$8.97	\$7.41	\$9.34	\$11.70	\$22.99	\$7.30	\$19.41	\$4.91	\$14.30	\$0.00	\$0.00	\$0.00
	Toll Integration	\$6.98	\$0.00	\$0.00	\$0.00	\$0.00	\$0.28	\$0.42	\$0.31	\$0.31	\$0.63	\$0.84	\$1.47	\$1.47	\$0.84	\$0.42	\$0.00
	Landscaping	\$2.32	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1.16	\$1.16	\$0.00	\$0.00
	Right of Way	\$90.56	\$63.09	\$9.06	\$2.72	\$2.72	\$2.72	\$2.72	\$2.26	\$2.26	\$1.81	\$1.21	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Utilities	\$16.55	\$5.04	\$3.31	\$2.15	\$2.15	\$2.15	\$1.75	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Agency Costs:	\$46.85	\$2.06	\$1.32	\$2.02	\$1.82	\$1.74	\$2.10	\$2.21	\$2.10	\$2.22	\$2.32	\$2.59	\$2.38	\$2.31	\$5.58	\$14.08
	PROJECT SUB-TOTAL	\$322.10	\$97.78	\$23.41	\$22.10	\$15.65	\$14.30	\$16.33	\$16.48	\$27.67	\$11.95	\$23.78	\$8.96	\$19.30	\$4.31	\$6.00	\$14.08
R-2828	Construction	\$381.31	\$62.79	\$24.48	\$31.87	\$27.30	\$21.95	\$22.77	\$31.10	\$33.76	\$25.94	\$30.45	\$42.28	\$19.47	\$12.85	-\$5.71	\$0.00
	Toll Integration	\$10.30	\$0.00	\$0.00	\$0.00	\$0.05	\$0.46	\$0.52	\$0.26	\$0.26	\$1.03	\$1.03	\$2.01	\$3.35	\$0.67	\$0.67	\$0.00
	Landscaping	\$5.84	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2.92	\$2.92	\$0.00	\$0.00
	Right of Way	\$77.62	\$7.19	\$25.61	\$10.87	\$9.31	\$9.31	\$7.76	\$1.94	\$1.94	\$1.16	\$1.16	\$0.78	\$0.57	\$0.00	\$0.00	\$0.00
	Utilities	\$48.35	\$0.00	\$7.25	\$12.09	\$10.15	\$10.15	\$8.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Agency Costs:	\$109.17	\$3.93	\$4.15	\$6.07	\$5.55	\$5.48	\$6.09	\$6.41	\$6.15	\$6.36	\$6.62	\$6.89	\$6.37	\$6.37	\$6.53	\$26.21
	PROJECT SUB-TOTAL	\$632.59	\$73.91	\$61.50	\$60.90	\$52.37	\$47.36	\$45.84	\$39.71	\$42.11	\$34.49	\$39.27	\$51.95	\$32.67	\$22.80	\$1.50	\$26.21
	PROJECT COST FOR FINANCING	\$1,295.44	\$234.45	\$133.89	\$116.79	\$94.62	\$82.19	\$82.57	\$73.22	\$86.89	\$62.81	\$79.55	\$77.13	\$80.26	\$31.44	\$14.50	\$45.12

# Complete 540 BANs Update

**David Roy**

Director of Finance & Budget

**David Miller**

PFM Financial Advisors



## BAN Financing Assumptions and Scenarios

- Based on assumptions as of June 10, 2020, the estimated net present value benefit of a 3.5 year BAN is approximately \$5 million
  - Markets have been volatile and are subject to change on a daily basis
- The TIFIA BANs will be limited by the par amount of the TIFA Loan - \$499.4 million – which results in a construction funding shortfall of \$26 million, the present value of which is net from savings
  - NCTA is considering various sources to fill the shortfall

	3.5 Year BAN
BAN Dated Date	8/1/2020
BAN Maturity Date	1/1/2024
TIFIA Draw Date	1/1/2024
Coupon	2.75%
BAN Rate	1.650%
Fund Earnings Rate	1.00%
Capitalize Interest Through	1/1/2024
Final Project Draw Date	1/15/2022
Substantial Completion	7/1/2023

	3.5 Year BAN			No BAN		
FY	TIFIA DS	TIFIA DSRF	PV	TIFIA DS	TIFIA DSRF	PV
2021						
2022						
2023					27,576,008	25,829,414
2024		28,229,175	26,143,706		2,363,658	2,164,676
2025		830,270	743,497		880,578	788,548
2026	5,880,396	880,589	5,948,970	6,251,649	933,947	6,322,593
2027	6,933,427	705,923	6,569,284	7,370,952	748,113	6,981,814
2028	9,093,450	709,006	8,243,658	9,667,348	751,246	8,761,826
2029	12,536,702	666,272	10,865,066	13,296,814	705,645	11,522,989
2030	12,525,352	563,805	10,532,757	13,285,464	597,868	11,171,825
2031	12,514,002	604,584	10,321,951	13,274,114	641,080	10,948,739
2032	12,502,644	649,893	10,118,311	13,262,756	689,093	10,733,226
2033	12,491,302	700,431	9,922,848	13,251,414	742,646	10,526,362
2034	12,479,952	757,033	9,735,658	13,240,064	802,625	10,328,247
2035	12,468,602	820,710	9,556,951	13,228,714	870,101	10,139,104
2036	12,954,422	892,693	9,736,464	13,714,534	946,379	10,308,673
2037	12,931,738	946,243	9,541,223	13,691,850	1,004,810	10,104,061
2038	12,909,038	1,037,712	9,375,347	13,669,150	1,101,856	9,929,422
2039	12,886,338	1,142,902	9,221,106	13,646,450	1,213,461	9,767,077
2040	12,863,622	1,264,701	9,079,284	13,623,734	1,342,687	9,617,860
2041	30,974,983	1,406,801	20,288,609	33,535,019	1,493,452	21,945,854
2042	49,006,031	240,589	30,270,608	53,359,743	205,087	32,925,092
2043	49,006,031	(1,138,013)	28,774,725	53,359,743	(1,318,084)	31,283,880
2044	49,006,031	(1,289,748)	28,046,523	53,359,743	(1,493,828)	30,485,882
2045	49,006,031	(1,473,998)	27,317,842	53,359,743	(1,707,232)	29,686,320
2046	49,006,031	(1,700,767)	26,584,786	53,359,743	(1,969,883)	28,880,643
2047	49,006,031	(1,984,228)	25,839,839	53,359,743	(2,298,197)	28,060,233
2048	49,006,031	(2,344,996)	25,072,838	53,359,743	(2,716,051)	27,213,392
2049	49,006,031	(2,813,996)	24,270,551	53,359,743	(3,259,262)	26,324,760
2050	22,755,607	(3,439,328)	9,930,490	22,755,607	(3,983,542)	9,652,543
2051	22,755,607	(197,531)	11,329,012	22,755,607	(197,531)	11,329,012
2052	22,755,607	(253,969)	11,049,658	22,755,607	(253,969)	11,049,658
2053	22,755,607	(338,625)	10,763,642	22,755,607	(338,625)	10,763,642
2054	22,755,607	(474,075)	10,461,496	22,755,607	(474,075)	10,461,496
2055	22,755,607	(711,113)	10,121,088	22,755,607	(711,113)	10,121,088
2056	22,755,607	(1,185,188)	9,684,555	22,755,607	(1,185,188)	9,684,555
2057	22,755,607	(2,370,376)	8,952,049	22,755,607	(2,370,376)	8,952,049
2058	11,377,804	(21,333,382)	(4,295,902)	11,377,804	(21,333,382)	(4,295,902)
Total	790,416,888		480,118,492	838,310,632		510,470,652

PV of DS Payments Only 790,416,888 838,310,632

PV Change of Payments	30,352,160
GARVEE & State Match Funding for Const. Shortfall	(25,350,662)
<b>Benefit/(Cost) of BANs:</b>	<b>5,001,498</b>





## BANs Scenario Results

- ◆ Approximately \$5 million net present value savings
- ◆ The maximum balance on the TIFIA Loan is reduced to \$530 million - a reduction of \$34 million from the projected maximum balance of \$564 million on the current loan
- ◆ Reduction in TIFIA debt service results in benefits for the General Reserve Balance. By FY 2024, the balance with the issuance of BANs is greater by \$2.3 million, and steadily increases to \$47.3 million by FY 2050
- ◆ On average, the Junior coverage ratio increases by 0.04x through 2055, and the total coverage ratio increases by 0.02x through 2055
- ◆ Results are relatively marginal but are positive, and given uncertain COVID impacts to toll revenues, the reduced TIFIA debt service and improved General Reserve balances could be important

# Debt Management Policy

**David Roy**

Director of Finance & Budget



## Debt Management Policy

- The purpose of this Debt Policy is to establish guidelines and a framework for the issuance and management of NCTA's debt
- NCTA is committed to consistent best practices financial management, including maintaining financial strength and flexibility of NCTA
- The policy will be reviewed by NCTA no less than once every two years
- The policy will be presented to and approved by the NCTA Board of Directors

# Debt Management Policy

- The policy establishes guidelines and a framework for the following topics:
  - Financial Planning and Debt Issuance
    - New Policy guideline for Variable Rate Debt\* limitations established per System:
      - Unhedged: 10%
      - Total Hedged and Unhedged: 25%
  - Debt Service Coverage Targets and Limits
  - Method of Sale Evaluation
  - Debt Structure
  - Call Provisions
  - Debt Refunding
  - Credit Enhancement and Liquidity
  - Continuing Disclosure
  - Credit Objectives

\* Currently NCTA does not have any variable rate debt and does not have any plans to issue variable rate debt



## On-Going Reporting Requirements

- Once a year, the Finance Committee and NCTA Board of Directors will receive a report on the status of NCTA's debt including the following information
  - Amount and percentage of total debt by security type broken down by NCTA System
  - Any changes in ratings, including ratings of credit enhancers and swap counterparties
  - Current mark-to-marketed value of all interest rate exchange agreements, if applicable\*
  - Historical rate performance for all variable rate bonds, if applicable\*

\*Currently not applicable as NCTA does not have any variable rate debt

# Toll Revenue Collection

**David Roy**

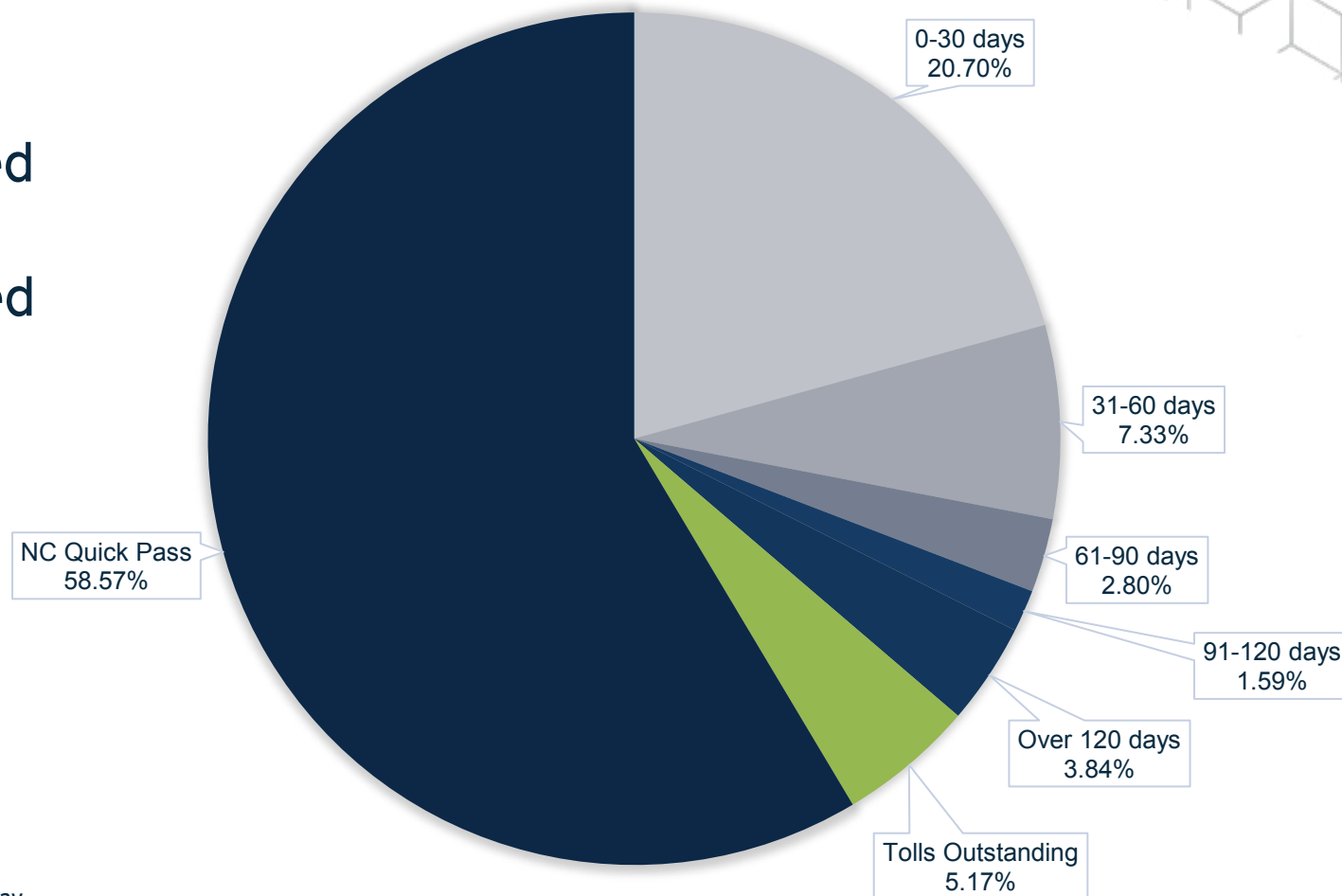
Director of Finance & Budget



# Fiscal Year 2019 Toll Revenue Collection

## FY19 Statistics

- ~80% of tolls collected within 30 days
- ~90% of tolls collected within 90 days



\*Date as of June 9 2020, Triangle and Monroe Expressway

# Contact Us



[ncdot.gov/turnpike](https://ncdot.gov/turnpike)



[@NCTurnpike](https://twitter.com/NCTurnpike)

[ncquickpass.com](https://ncquickpass.com)

[@NC\\_QuickPass](https://twitter.com/NC_QuickPass)





**Thank you!**