

# North Carolina Turnpike Authority

NCTA Finance Committee Meeting

January 26, 2022



# Opening Comments

**J.J. Eden**  
Executive Director

# November Statistics

## Triangle Expressway



Transactions: 5.11 million



Revenue: \$4.64 million

## Monroe Expressway



Transactions: 3.46 million



Revenue: \$2.35 million

## Transponders



Nearly 15,000 distributed



Over 1,107,000 distributed program-to-date

# Complete 540 Construction Update

**Dennis Jernigan, P.E.**  
Deputy Chief Engineer for Highway Operations



**A**  
STIP Project  
R-2721A

**B**  
STIP Project  
R-2721B

**C**  
STIP Project  
R-2828

STIP Project  
R-2829  
Future Construction

# Settlement & Release Agreement

R-2721A & R-2721B

- Resolves all extended overhead through revised final completion
- Resolves cost escalations through the revised final completion\*
- Resolves idle equipment/labor and inefficiency claims through execution
- Resolves some material cost escalations claims through final acceptance
- Resolves additional noise wall quantities
- Eliminates substantial completion bonus
- Provides a contract time extension

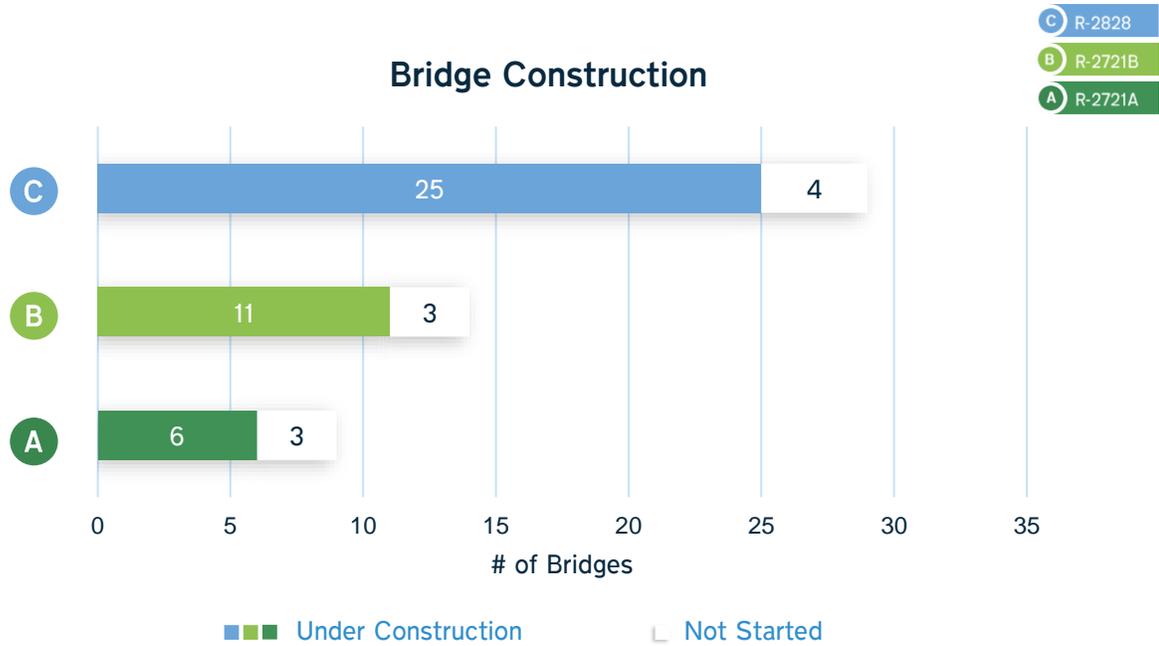
\*Excludes NCDOT-initiated COVID relief

# R-2828

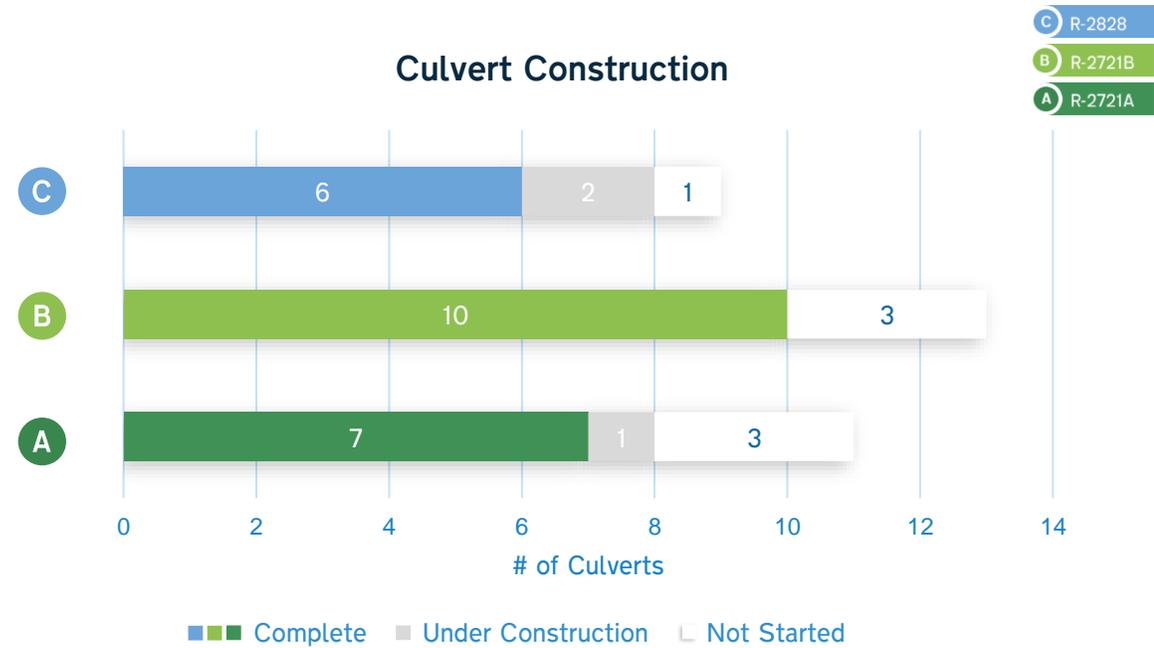
## Upcoming Noise Walls Settlement

- Verbally agreed to \$7.5M
- Settlement and Release Agreement Terms finalized
- Resolving some Covid-related escalation claims in the agreement
  - Currently reviewing those submissions

### Bridge Construction



### Culvert Construction



















# Community Outreach

The background features a dark blue field with a subtle, light blue hexagonal grid pattern. Overlaid on this grid are several dynamic, glowing trails of small particles. These trails originate from the left and right edges and curve inward toward the center, creating a sense of movement and energy. The particles themselves vary in brightness, with some appearing as sharp points of light and others as softer, more diffuse clouds.



# 2021 Complete 540 Outreach



## Public Meetings

Nearly 1,500 participants  
over 40 public meetings



## Informing Residents

7,203 postcards & 31  
Nextdoor posts



## Resident Inquiries

648 emails & 352 calls to  
the Complete 540 Hotline

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**Upcoming Presentations:** Coldwell Banker,  
Triangle East Chamber, Cary Kildaire Rotary,  
CAMPO TCC

# Complete 540 Spend Update

Travis Feltes, P.E.  
Project Engineer

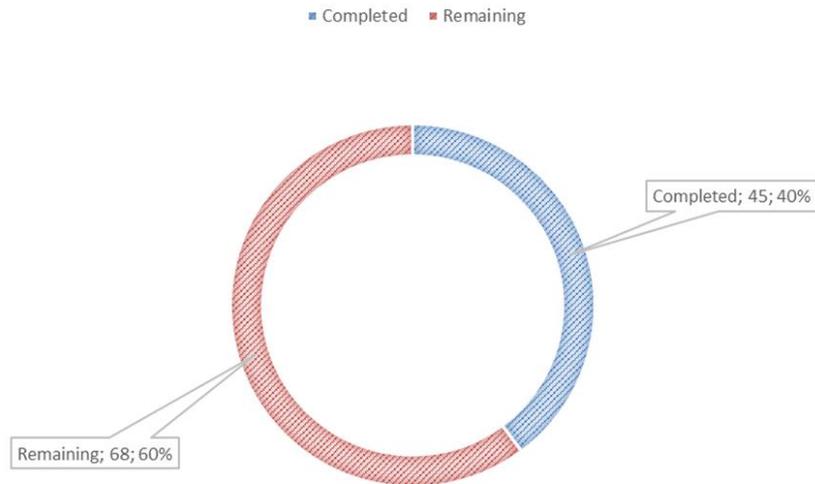
# Plan of Finance Cost Tracking

	DESCRIPTION	Cost Estimate (\$M)	Spent as of December 31, 2021	% of Budget Spent
R-2721A	Construction	\$ 218.58	\$ 115.26	53%
	Toll Integration	\$ 3.96	\$ -	0%
	Landscaping	\$ 2.67	\$ -	0%
	Right of Way	\$ 74.93	\$ 75.51	101%
	Utilities	\$ 20.67	\$ 13.47	65%
	Agency Costs:	\$ 31.75	\$ 12.24	39%
	<b>PROJECT SUB-TOTAL</b>	<b>\$ 352.56</b>	<b>\$ 216.48</b>	<b>61%</b>
R-2721B	Construction	\$ 204.17	\$ 103.68	51%
	Toll Integration	\$ 6.98	\$ -	0%
	Landscaping	\$ 2.32	\$ -	0%
	Right of Way	\$ 81.67	\$ 83.15	102%
	Utilities	\$ 18.76	\$ 12.35	66%
	Agency Costs:	\$ 27.30	\$ 11.83	43%
	<b>PROJECT SUB-TOTAL</b>	<b>\$ 341.20</b>	<b>\$ 211.00</b>	<b>62%</b>
R-2828	Construction	\$ 410.17	\$ 197.26	48%
	Toll Integration	\$ 10.30	\$ -	0%
	Landscaping	\$ 5.84	\$ -	0%
	Right of Way	\$ 48.99	\$ 45.79	93%
	Utilities	\$ 36.57	\$ 29.52	81%
	Agency Costs:	\$ 89.83	\$ 44.54	50%
	<b>PROJECT SUB-TOTAL</b>	<b>\$ 601.70</b>	<b>\$ 317.11</b>	<b>53%</b>
<b>TOTAL</b>	Construction	\$ 832.91	\$ 416.20	50%
	Toll Integration	\$ 21.24	\$ -	0%
	Landscaping	\$ 10.83	\$ -	0%
	Right of Way	\$ 205.59	\$ 204.46	99%
	Utilities	\$ 76.00	\$ 55.34	73%
	Agency Costs:	\$ 148.88	\$ 68.61	46%
	<b>PROJECT COST FOR FINANCING</b>	<b>\$ 1,295.45</b>	<b>\$ 744.60</b>	<b>57%</b>

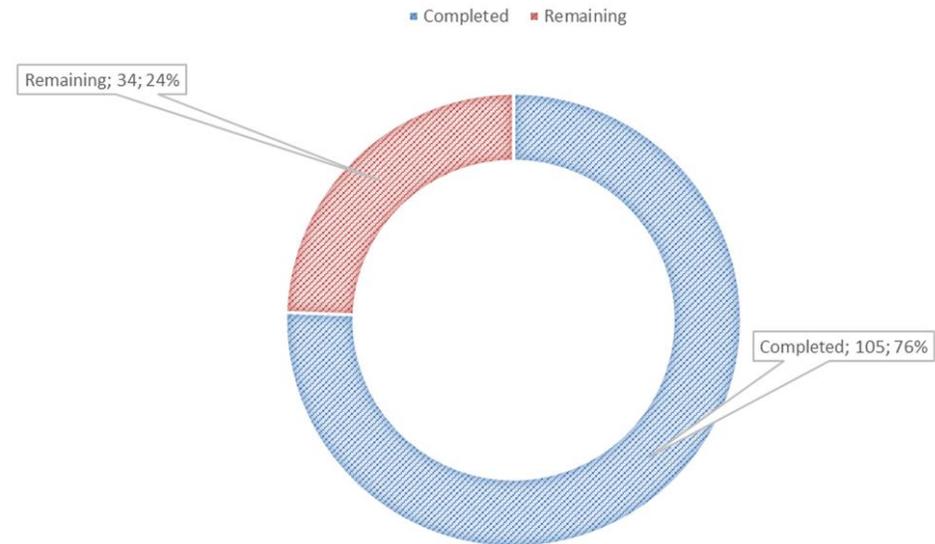
# Right of Way Update

Project	Standard Parcels	Condemnation Parcels	MAP Act Parcels	Total
R-2721A	140	44	28	212
R-2721B	129	33	60	222
R-2828	128	36	51	215
<b>Total</b>	<b>397</b>	<b>113</b>	<b>139</b>	<b>649</b>

**CONDEMNED PARCELS, 113 TOTAL**  
(190 INCLUDING MAP ACT PARCELS)



**MAP ACT PARCELS, 139 TOTAL**



# Contingencies

Contingency Item	Plan of Finance Budget
Third Party Delay Contingency	\$2,570,000
Contingency & Reserves	\$3,180,000
Fuel & AC Reserves	\$5,110,000
<b>Total</b>	<b>\$10,860,000</b>

Project	Supplement Budget	Supplemental Agreement Total	% Spent	Amount Remaining	% Remaining
R-2721A	\$37,083,821	\$34,883,821	94%	\$2,200,000	6%
R-2721B	\$48,442,499	\$46,442,499	96%	\$2,000,000	4%
R-2828	\$40,195,891	\$29,695,891	74%	\$10,500,000	26%
<b>Total</b>	<b>\$125,722,211</b>	<b>\$111,022,211</b>	<b>88%</b>	<b>\$14,700,000</b>	<b>12%</b>

# Monroe Expressway TIFIA Refunding

Kate Trimble  
Financial Analyst

## Refunding Opportunity – Monroe TIFIA Loan

- Similar to the prior refunding of the Triangle Expressway TIFIA Loan, a refunding of the Monroe TIFIA Loan has been identified as an advantageous refunding opportunity
- The Monroe TIFIA Loan is callable at any time and therefore, may be refunded with tax-exempt bonds
- In addition to debt service savings, refunding benefits may include:
  - Release of the Senior Lien Toll Revenue Bonds Debt Service Reserve Fund via a surety policy, which could then be used to further reduce debt service and/or pay capital costs
  - Release of the TIFIA Loan Debt Service Reserve Fund which becomes unrestricted cash
  - Elimination of onerous covenants, including TIFIA reporting requirements
  - Elimination of TIFIA loan prepayment provisions
  - Opportunity to prepare for future system expansion

# Transaction Overview

Monroe Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2022A (“Series 2022A Bonds”)	
<b>Issuer:</b>	North Carolina Turnpike Authority (the “Authority” or “NCTA”)
<b>Series:</b>	Monroe Expressway System Senior Lien Turnpike Revenue Refunding Bonds, Series 2022A
<b>Par Amount*:</b>	Not to exceed \$185,000,000 (Current Estimate: \$166,480,000)
<b>Maturity Date*:</b>	July 1, 2053
<b>Interest Payments:</b>	Payable January 1 and July 1 of each year commencing July 1, 2022, and upon maturity
<b>Use of Proceeds*:</b>	The proceeds of the Series 2022A Bonds will be used to (a) refund in advance of its maturity the Authority’s Monroe Expressway Revenue Bond, TIFIA Series 2016 (b) pay certain costs incurred in connection with the issuance of the Series 2022A Bonds (c) pay the premium on a bond insurance policy for certain Series 2022A Bonds (d) pay the premium for a debt service reserve insurance policy with respect to the 2022A Bonds
<b>Security:</b>	The Series 2022A Bonds will be special obligations of the Authority, secured by and payable from the Revenues of the Monroe Expressway System and, under certain circumstances, the proceeds of the Series 2022A Bonds, investment earnings and certain other proceeds.
<b>Expected Pricing*:</b>	March 10, 2022
<b>Expected Closing*:</b>	March 24, 2022

\*Preliminary, subject to change; when, as, and if issued.

# Debt Service Savings

- Estimated cash flow savings of \$29.5 million; average annual debt service reduction of \$890k

Date	Prior Debt Service	Refunding Debt Service	Partial TIFIA DSRF Release Savings Adjustment*	Refunding Net Cash Flow	Savings	Present Value to 03/24/2022 @ 2.84%
7/1/2022	1,076,831	1,519,289	(2,984,631)	(1,465,342)	2,542,172	2,522,925
7/1/2023	3,915,748	5,638,600	(2,984,631)	2,653,969	1,261,779	1,246,494
7/1/2024	6,079,469	5,638,600	-	5,638,600	440,869	416,469
7/1/2025	6,607,592	5,848,600	-	5,848,600	758,992	698,404
7/1/2026	6,809,396	6,048,100	-	6,048,100	761,296	682,359
7/1/2027	7,029,935	6,267,100	-	6,267,100	762,835	666,186
7/1/2028	7,029,935	6,269,100	-	6,269,100	760,835	646,179
7/1/2029	9,146,887	8,384,350	-	8,384,350	762,537	642,205
7/1/2030	9,366,729	8,607,100	-	8,607,100	759,629	624,200
7/1/2031	9,635,026	8,871,600	-	8,871,600	763,426	612,214
7/1/2032	9,910,891	9,149,850	-	9,149,850	761,041	595,918
7/1/2033	10,201,437	9,330,100	-	9,330,100	871,337	662,223
7/1/2034	10,509,257	9,331,100	-	9,331,100	1,178,157	863,564
7/1/2035	10,817,037	9,330,850	-	9,330,850	1,486,187	1,054,040
7/1/2036	11,134,056	9,328,250	-	9,328,250	1,805,806	1,240,818
7/1/2037	10,961,103	9,312,850	-	9,312,850	1,648,253	1,107,837
7/1/2038	10,053,700	9,294,850	-	9,294,850	758,850	507,753
7/1/2039	10,053,700	9,294,050	-	9,294,050	759,650	495,086
7/1/2040	10,053,480	9,294,450	-	9,294,450	759,030	481,921
7/1/2041	10,053,700	9,290,650	-	9,290,650	763,050	471,837
7/1/2042	10,053,700	9,292,450	-	9,292,450	761,250	458,693
7/1/2043	10,053,700	9,294,250	-	9,294,250	759,450	445,954
7/1/2044	10,053,477	9,292,800	-	9,292,800	760,677	434,969
7/1/2045	10,053,701	9,290,350	-	9,290,350	763,351	425,023
7/1/2046	10,053,702	9,291,750	-	9,291,750	761,952	413,261
7/1/2047	10,053,702	9,291,700	-	9,291,700	762,002	402,558
7/1/2048	10,053,472	9,290,050	-	9,290,050	763,422	392,806
7/1/2049	10,053,707	9,291,650	-	9,291,650	762,057	382,017
7/1/2050	10,053,710	9,291,200	-	9,291,200	762,510	372,365
7/1/2051	10,053,716	9,293,550	-	9,293,550	760,166	361,753
7/1/2052	10,053,454	9,293,400	-	9,293,400	760,054	352,415
7/1/2053	10,053,386	9,290,600	-	9,290,600	762,786	344,519
Total	291,089,335	267,553,189	(5,969,263)	261,583,927	29,505,408	21,024,964

\*Assumptions:

- Yields based on market conditions as of 1/21/2022

## Debt Service Savings

- Net Present Value Savings Estimate\*: \$7.1 million or 3.98% of refunded par
- Market movement may change the economics quickly
  - Parameters, including a minimum savings threshold, are provided within the resolution

Refunding Sensitivity Analysis				
Description	Current Market	+ 50 bps	+ 100 bps	-50 bps
<b>All-in TIC</b>	2.84%	3.30%	3.79%	2.24%
<b>Total Debt Service</b>	\$267.6 MM	\$284.4 MM	\$303.6 MM	\$256.4 MM
<b>NPV Savings (%)</b>	3.98%	-1.52%	-7.09%	7.94%
<b>NPV Savings (\$)</b>	\$7.1 MM	-\$2.7 MM	-\$12.6 MM	\$14.1 MM

\*Assumptions:

- Yields based on market conditions as of 1/21/2022
- Savings analysis incorporates the net impact of DSRF releases by comparing the plan uses to prior debt service adjusted for DSRF earnings at 1.0% and the release at final maturity.

# Estimated Sources and Uses

Sources:	<i>\$ millions</i>
Bond Proceeds	
Par Amount	\$156.2
Premium	15.47
Other Sources of Funds:	
2016 DSRF Release	11.8
TIFIA DSF Release	0.5
TIFIA DSRF Release	11.8
<b>Total Sources</b>	<b>\$195.89</b>

Uses:	
Cash Deposit	\$179.0
Cost of Issuance	4.6
Underwriter's Discount	0.5
General Reserve Deposit	5.9
2016A DSF Deposit	6.0
<b>Total Uses</b>	<b>\$195.9</b>

Cost of Issuance	
Counsel and Advisor Fees	\$342,500
Rating Agency Fees	\$181,400
LGC Fee	\$12,500
Trustee Fees	\$15,000
Miscellaneous/Contingency	\$48,600
<b>Total</b>	<b>\$600,000</b>

Underwriters' Discount	
Takedown	\$416,200
Expenses & Contingency	\$83,240
	<b>\$499,440</b>

# Draft Bond Documents & Resolutions

**Mary Nash Rusher**  
McGuireWoods LLP

**Lisa Medina Williams**  
McGuireWoods LLP

## Proposed Issuance of Toll Revenue Refunding Bonds

- Monroe Expressway Toll Revenue Refunding Bonds, Series 2022A, will be issued as tax-exempt refunding bonds
- Issued under and secured by the Authority's Trust Agreement dated as of December 1, 2016, as supplemented and amended, which provides a "gross revenue" pledge of the Revenues of the Monroe Expressway System for bonds issued pursuant to the Trust Agreement
- Toll Revenue Bonds currently secured by the Trust Agreement: Series 2016A Bonds, Series 2016C Bonds and the TIFIA Series 2016 Bond
- Series 2022A Bonds will refund all of the TIFIA Series 2016 Bond

# Toll Revenue Refunding Bonds, Series 2022A

## First Supplemental Trust Agreement

- First Supplemental Trust Agreement will extend the lien on the Revenues of the Monroe Expressway System to the Series 2022A Bonds
- Sets forth the terms for the Series 2022A Bonds
  - Maturity schedule
  - Redemption provisions
  - Defeasance provisions
- Includes continuing disclosure obligations to provide investors with ongoing financial and operational information in compliance the Securities and Exchange Commission's Rule 15c2-12
- Includes miscellaneous provisions for supplementing the First Supplemental Trust Agreement, updated notices, etc.
- Certain amendments to make the current TIFIA provisions inoperative once the TIFIA Series 2016 Bond is redeemed, but nevertheless to provide the potential for future TIFIA debt

# Toll Revenue Refunding Bonds, Series 2022A

## Preliminary Official Statement

- Describes key terms of Series 2022A Bonds
- Describes the Plan of Refunding – refunding of the outstanding TIFIA Series 2016 Bond and describes the original purpose of the TIFIA Series 2016 Bond
- Describes Monroe Expressway System financials and operations
- Describes the pledge of Revenues of the Monroe Expressway System
- Includes risk factors associated with the purchase of the Series 2022A Bonds
- Describes Authority’s continuing disclosure undertaking
- Will include the updated Traffic and Revenue Report by CDM Smith, Inc. as an Appendix
- Provides for the possibility of bond insurance

# Toll Revenue Refunding Bonds, Series 2022A

## Bond Purchase Agreement

- Executed after the Series 2022A Bonds are priced
- Commits the Underwriters to purchase the Series 2022A Bonds
- Sets forth final terms of the Series 2022A Bonds, including maturities, interest rates, yields and prices
- Sets forth the conditions to closing, including
  - Receipt of ratings
  - Closing certifications
  - Opinions of bond counsel, attorney general for NCDOT, and underwriters' counsel

# Monroe Expressway

## Board Resolution

- Adopts Bond Order – Subject to Local Government Commission (LGC) approval
- Approves issuance of the Series 2022A Bonds, subject to LGC approval
- Approves execution and delivery of First Supplemental Trust Agreement, Preliminary Official Statement, the Bond Purchase Agreement and other documents related to the Series 2022A Bonds
- Approves the sale of the Series 2022A Bonds to Underwriters
- Approves use of the Preliminary Official Statement and Final Official Statement by the Underwriters for the marketing of the Series 2022A Bonds
- Covenants that the “Bond Documents” shall be in the forms presented, which are hereby approved

# Monroe Expressway

## Board Resolution Parameters

- Authorizes the Series 2022A Bonds to be issued as tax-exempt refunding bonds
- Imposes limits as follows:
  - Final maturity date: No later than July 1, 2053
  - Maximum aggregate principal amount of: \$185,000,000
  - Maximum True Interest Cost: 4.0%
  - Minimum Net Present Value Debt Service Savings: 3.0%
  - Maximum percentage of aggregate discount to Underwriters: 0.35%

# Monroe Expressway

## Board Resolution

- Authorizes officers and employees of the Authority to coordinate with DOT to update the disclosures in the Preliminary Official Statement
- Authorizes and directs the Chairman and other officers and employees of the Authority to take such actions deemed necessary and appropriate to accomplish the issuance of the Series 2022A Bonds
- Designates the Director of Finance and Budget as the officer charged with compliance with the Authority's continuing disclosure obligations with respect to the Series 2022A Bonds
- Requests the LGC to approve the issuance of the Series 2022A Bonds and any other action requiring its approval in connection therewith

# Underwriting Recommendation & Preliminary Schedule

Kate Trimble  
Financial Analyst

# Underwriting Recommendation

- Senior Manager
  - Citigroup
- Co-Managers
  - BofA Securities
  - Loop
  - PNC
  - Ramirez

# Preliminary Schedule

Date	Action
1/26	Finance Committee Recommendation
2/9	Receive Ratings
2/10	NCTA Board Approval
3/1	LGC Approval
3/2	Posting of Preliminary Official Statement
3/10	Negotiated Bond Sale
3/24	Bond Closing

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**Thank you!**