

North Carolina Turnpike Authority

Finance Committee Meeting

January 24, 2024



Finance Committee



Robert D. Teer Jr.
Finance Committee
Chairman



John Adcock
Finance Committee
Member



Julie Eiselt
Finance Committee Member



**James 'Jim'
Walker**
Finance Committee
Member

Other Board Members



Joey Hopkins
Board Member



**Dr. Pamela Gibson
Senegal**
Board Member



Sam Hunt IV
Board Member



Montell W. Irvin
Board Member



**Charles 'Chuck'
Travis III**
Board Member

Opening Comments

JJ Eden

Executive Director

Chief Engineer Update

Patrick Norman, P.E. & Dennis Jernigan, P.E.
Chief Engineer & Deputy Chief Engineer

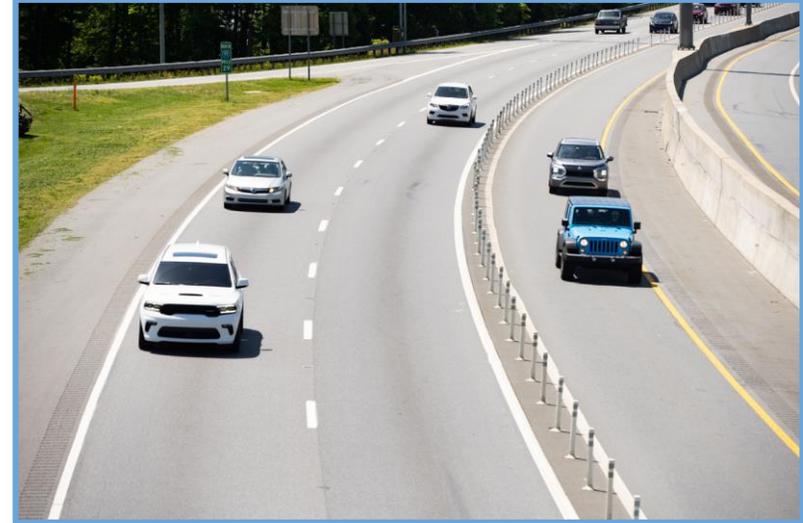


77 South

77 South Update

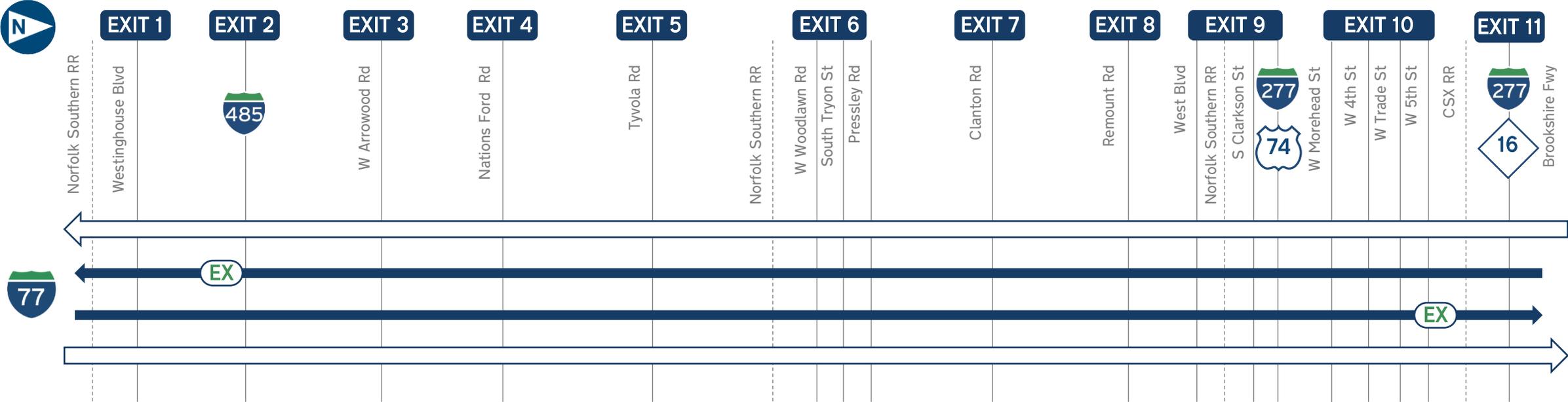


- Continuing facilitation of stakeholder meetings
- RS&H Preliminary Engineering



Proposed Improvements

LEGEND  General Purpose Lanes  New Express Lanes



Rebuild Interchanges



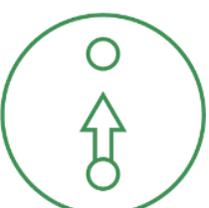
Rebuild Non-Interchange Bridges



Add Express Lanes or General Purpose + Express Lanes



Add Access Points



Add Direct Connectors

Interchange	Discussed with Stakeholders
EXIT 1 (Westinghouse Blvd)	5/19/2023
EXIT 2 (I-485)	3/29/2023
EXIT 3 (W Arrowood Road)	3/29/2023
EXIT 4 (Nations Ford Road)	7/18/2023
EXIT 5 (Tyvola Road)	7/18/2023
EXIT 6A/6B (W Woodlawn Road/S Tryon Street)	9/22/2023
EXIT 7 (Clanton Road)	8/18/2023
EXIT 8/9A (Remount Road/West Blvd)	8/18/2023 *1/26/2024 (West Blvd)
EXIT 9B/9C (I-277/Belk Freeway)	2/9/2023 4/11/2023 11/20/2023
EXIT 10A (Morehead Street)	*1/26/2024
EXIT 10B/10C (Trade Street/5th Street)	9/22/2023
EXIT 11A/11B (I-277/Brookshire Freeway)	8/18/2023

Complete 540 Phase 1

ACEC-NC/NCDOT Joint Transportation Conference

November 17, 2023

- Dennis presented alongside WSP about R-2828
- Presented for 75 minutes to 180 attendees
- Highlighted unique project features
 - Roller compacted concrete (RCC)
 - Cement stabilization
 - Inlaid pavement markings



 NORTH CAROLINA Turnpike Authority

Inlaid Pavement Markings

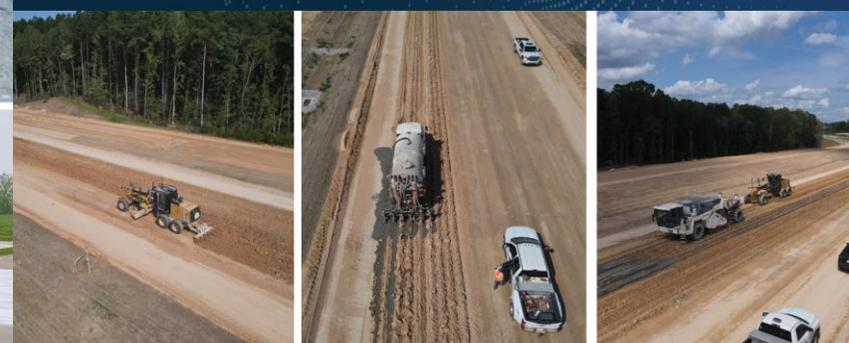


Roller Compacted Concrete (RCC)



 NORTH CAROLINA Turnpike Authority

Cement Stabilization



Complete 540

Phase 1 Milestone



All existing roadway crossings (Y lines) open to traffic!



N.C. 55 Ramp Connection Before



N.C. 55 Ramp Connection After



Turbine-Style Interchange Bridge 13 - Before



Turbine-Style Interchange Bridge 13 - After



R-2828
Concrete Paving
Before



R-2828
Concrete Paving
After



Phase 1 Percent Complete

R-2721A	92.66%
R-2721B	94.37%
R-2828	84.23%
Overall	87.45%

Updated December 20, 2023

Complete 540 Phase 1 Spend Update

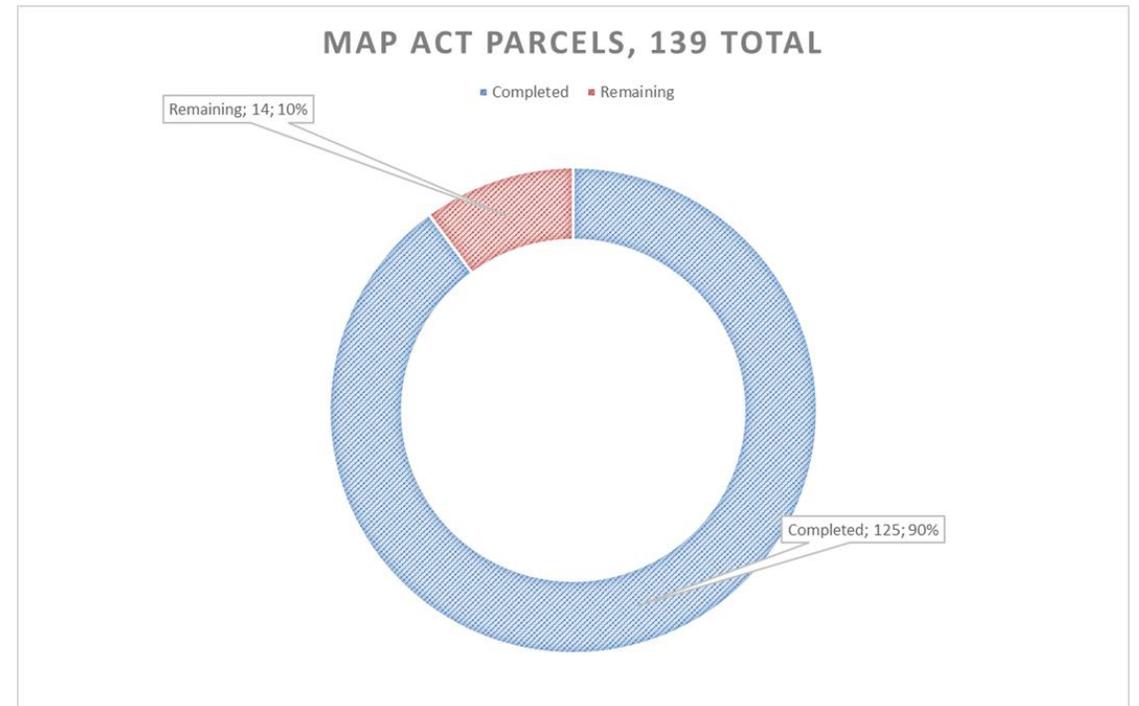
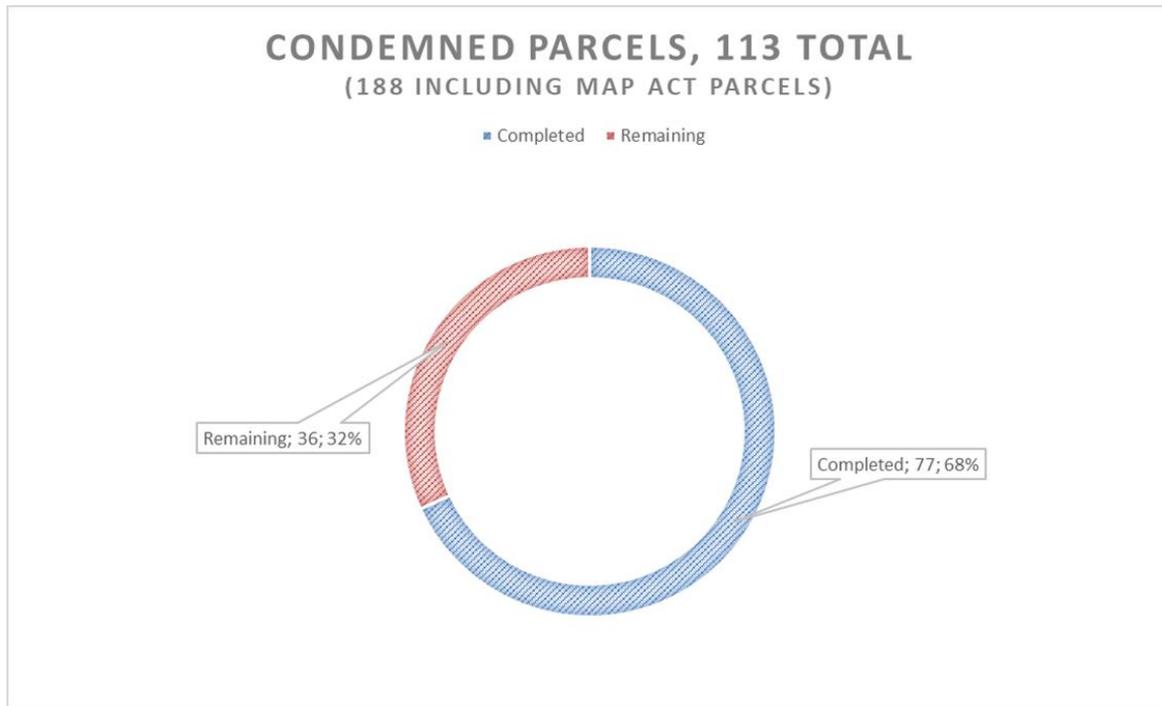
Travis Feltes, P.E.
Project Engineer

Plan of Finance Cost Tracking

	DESCRIPTION	Cost Estimate (\$M)	Spent as of December 31, 2023	% of Budget Spent
R-2721A	Construction	\$ 228.49	\$ 212.06	93%
	Landscaping	\$ 2.67	\$ -	0%
	Right of Way	\$ 74.93	\$ 80.50	107%
	Utilities	\$ 16.90	\$ 14.55	86%
	Agency Costs:	\$ 23.39	\$ 20.91	89%
	PROJECT SUB-TOTAL	\$ 346.38	\$ 328.02	95%
	R-2721B	Construction	\$ 207.22	\$ 200.52
Landscaping		\$ 2.32	\$ -	0%
Right of Way		\$ 81.67	\$ 84.10	103%
Utilities		\$ 12.50	\$ 12.54	100%
Agency Costs:		\$ 22.71	\$ 23.71	104%
PROJECT SUB-TOTAL		\$ 326.42	\$ 320.87	98%
R-2828		Construction	\$ 423.97	\$ 358.78
	Toll Integration	\$ 21.24	\$ 1.74	8%
	Landscaping	\$ 5.84	\$ -	0%
	Right of Way	\$ 48.99	\$ 74.66	152%
	Utilities	\$ 36.57	\$ 32.32	88%
	Agency Costs:	\$ 86.04	\$ 72.34	84%
	PROJECT SUB-TOTAL	\$ 622.65	\$ 539.84	87%
TOTAL	Construction	\$ 859.67	\$ 771.36	90%
	Toll Integration	\$ 21.24	\$ 1.74	8%
	Landscaping	\$ 10.83	\$ -	0%
	Right of Way	\$ 205.59	\$ 239.26	116%
	Utilities	\$ 65.97	\$ 59.40	90%
	Agency Costs:	\$ 132.14	\$ 116.96	89%
	PROJECT COST FOR FINANCING	\$ 1,295.44	\$ 1,188.73	92%

Right of Way Update

Project	Standard Parcels	Condemnation Parcels	MAP Act Parcels	Total
R-2721 A	140	44	28	212
R-2721 B	129	33	60	222
R-2828	128	37	51	216
Total	397	114	139	650



Contingencies

Contingency Item	Current Plan of Finance Budget	Previous Report (10/18/2023 Data)
Third Party Delay Contingency	\$0	\$0
Contingency & Reserves	\$0	\$0
Fuel & AC Reserves	\$3,630,000	\$4,120,000
Total	\$3,630,000	\$4,120,000

Project	Supplement Budget	Supplemental Agreement Total	% Spent	Amount Remaining	% Remaining
R-2721 A	\$43,900,000	\$43,900,000	100%	\$0	0%
R-2721 B	\$48,000,000	\$48,000,000	100%	\$0	0%
R-2828	\$41,900,000	\$41,900,000	100%	\$0	0%
Total	\$133,800,000	\$133,800,000	100%	\$0	0%

Fuel Cost/Hedge

Early in the project, NCTA entered into a Fuel Hedge to de-risk the plan of finance. The premium for this plan was \$254,000 and the strike price for the hedge is \$2.40/gallon.

	Fuel Cost Adjustment				Fuel Hedge Payout
	R-2721A	R-2721B	R-2828	Total	Total
Prior FY's	\$ (256,416.44)	\$ (313,416.44)	\$ (101,406.78)	\$ (671,239.66)	\$ 1,312,450.47
FY 2023	\$ (474,425.18)	\$ (733,006.01)	\$ (675,809.58)	\$ (1,883,240.77)	\$ 938,627.24
July-23	\$ (14,312.08)	\$ (63,818.18)	\$ (17,504.94)	\$ (95,635.19)	
August-23	\$ (76,763.15)	\$ (52,522.06)	\$ (31,493.88)	\$ (160,779.09)	
September-23	\$ (65,649.10)	\$ (154,743.17)	\$ (66,750.29)	\$ (287,142.56)	
October-23	\$ (228,805.94)	\$ (49,383.17)	\$ (85,582.39)	\$ (363,771.50)	
November-23	\$ (126,520.35)	\$ (140,568.13)	\$ (47,436.97)	\$ (314,525.45)	
December-23	\$ (7,571.69)	\$ (46,647.83)	\$ (15,772.68)	\$ (69,992.20)	
	\$ (1,250,463.92)	\$ (1,554,104.99)	\$ (1,041,757.52)	\$ (3,846,326.42)	\$ 2,251,077.71

Project	Price/Gallon
R-2721A	\$ 1.8075
R-2721B	\$ 1.8075
R-2828	\$ 2.3501

Paid out to the contractor	\$ (4,262,153.75)
Received from the contractor	\$ 415,349.09
Received from the hedge	\$ 2,251,077.71
Net Total	\$ (1,595,726.95)

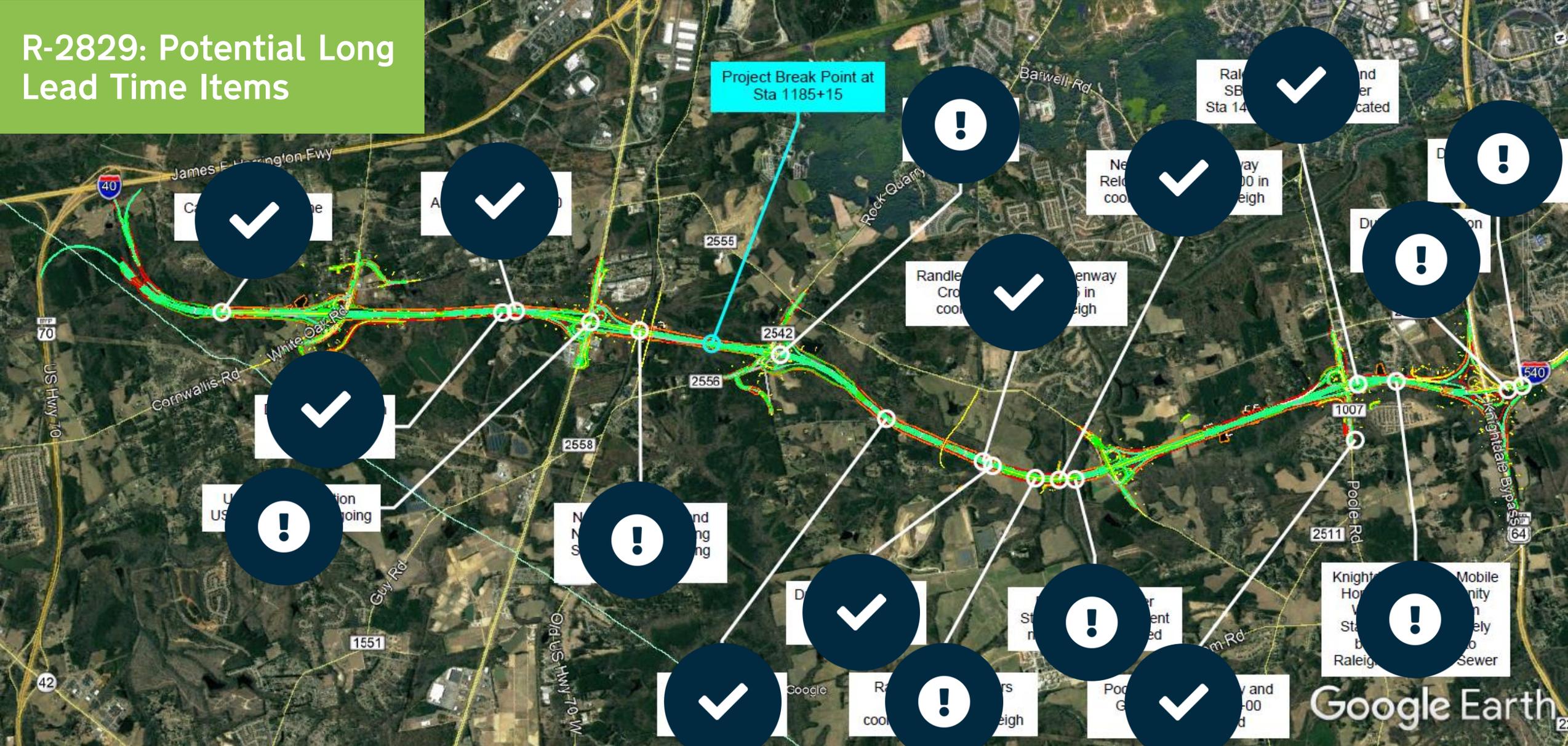
Asphalt Cost Adjustment

	R-2721A	R-2721B	R-2828	Total
Prior FY's	\$ (54,577.00)	\$ (8,762.49)	\$ 20,507.86	\$ (42,831.63)
FY 2023	\$ (66,694.85)	\$ (447,998.37)	\$ (164,893.64)	\$ (679,586.86)
July-23	\$ -	\$ (74,122.06)	\$ (26,177.69)	\$ (100,299.75)
August-23	\$ (55,238.31)	\$ (30,302.57)	\$ (853.26)	\$ (86,394.14)
September-23	\$ (22,551.11)	\$ (91,952.74)	\$ (10,518.40)	\$ (125,022.25)
October-23	\$ (145,540.67)	\$ (12,542.68)	\$ -	\$ (158,083.36)
November-23	\$ (102,422.12)	\$ (110,253.21)	\$ -	\$ (212,675.33)
December-23	\$ (1,093.81)	\$ (36,182.62)	\$ -	\$ (37,276.43)
	\$ (448,117.87)	\$ (812,116.74)	\$ (181,935.13)	\$ (1,442,169.74)

Complete 540 Phase 2 Update

Dennis Jernigan, P.E.
Deputy Chief Engineer

R-2829: Potential Long Lead Time Items



Complete 540 Phase 2

Preconstruction Activities

Completed Activities

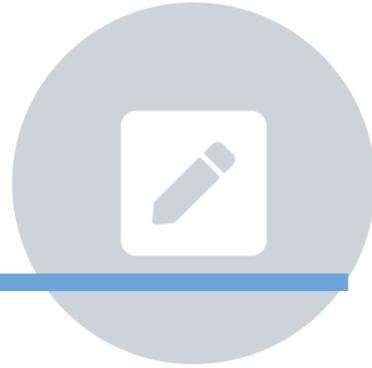
- Environmental Document
- Section 404/401 Corridor Permits
- Biological Opinion
- Air Quality Conformity
- Final Surveys
- Traffic Forecasts and Analysis
- Service Road Study
- Confirmation of Environmental Mitigation Availability
- Roadway and Structure
- Geotechnical Investigations
- Update Project Cost Estimate
- Refining Preliminary Design
- Developing Pavement Design and Life Cycle Analyses
- Railroad Coordination
- Industry Coordination
- Design-Build Procurement

Activities Underway

- Advanced Acquisition of Certain Right-of-Way Parcels
- Coordination with Owners of Towers Regarding Needed Relocations
- Planning for Community Water and Sewer Conflict Resolutions
- Planning for Other Long Lead-Time Items
- Utility Coordination
- Developer Coordination
- Refine Plans for Right-of-Way Acquisition

Complete 540

Phase 2 Meetings



- Regular meetings scheduled with both project teams
 - Design meetings
 - Utility meetings
 - Right-of-way meetings

FLATIRON


FRED SMITH COMPANY
CONSTRUCTION

 **BRANCH**
CIVIL

 **S.T. WOOTEN**

Complete 540 Phase 2 Bond Pricing Results

Kate Trimble
Financial Analyst

Security Structure

All security and financial covenants proposed are consistent with the terms of the existing A&R Trust Agreement and TIFIA Loan Agreement

- Senior Lien Bonds secured by all Receipts consisting of:
 - Gross toll revenues
 - Excess State Appropriated Revenues (appropriated from the Highway Trust Fund)
 - General Fund Interest earnings
- TIFIA loan secured by a subordinate pledge of Receipts
- NCDOT commitment to replenish the Operating Reserve Fund, pursuant to the Operations and Maintenance Guaranty Agreement, allows Senior and TIFIA debt service to be paid before Operations and Maintenance Expenses
- NCDOT construction completion guarantee

Sources of Funds

- \$417 million TIFIA Loan
 - TIFIA loan secured by gross toll revenue pledge subordinate to senior lien Triangle Expressway System toll revenue bonds, on parity with TIFIA Series 2021 Bond
 - Common TIFIA DSRF of 100% of the lesser-of-three test, is anticipated to be funded with a surety paid for by available Phase 1 funds
- \$340 million Senior Lien Toll Revenue Bonds, Series 2024*
 - Gross toll revenue pledge on parity with Series 2009B, Series 2017, Series 2018, Series 2019 Toll Revenue Bonds
 - Surety policy covers deposit required to Common DSRF (funded to 50% of the lesser-of-three test)
- \$400 million NCDOT GARVEE Bonds & State Match
- \$7 million reallocation of Phase 1 NCDOT State Match dollars
 - Funds were previously earmarked for the TIFIA DSRF deposit required upon substantial completion of Phase 1

*Consists of approximately \$305 million in par of CIBs and \$36 million in par of CABs

Sources and Uses

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	Total
Sources							
Complete 540 Phase 2 TIFIA Loan	-	106,559,278	121,523,023	74,021,764	79,709,853	35,379,553	417,193,471
Series 2024 Toll Revenue Bonds - Senior Lien	219,544,702	139,843,498					359,388,200
NCDOT State Funding	7,176,139		112,100,000	120,000,000	118,000,000	49,900,000	407,176,139
Total Sources	226,720,841	246,402,776	233,623,023	194,021,764	197,709,853	85,279,553	1,183,757,810
Uses							
Construction Costs	147,983,897	246,402,776	233,623,023	194,021,764	197,709,853	85,279,553	1,105,020,866
Toll Revenue Bond Capitalized Interest	64,112,954	-	-	-	-	-	64,112,954
Cost of Issuance	14,623,990	-	-	-	-	-	14,623,990
Total Uses	226,720,841	246,402,776	233,623,023	194,021,764	197,709,853	85,279,553	1,183,757,810

\$340,360,304.70 Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2024

- Sold via negotiated sale on January 17, 2024
- \$304,575,000.000 in Series 2024A (Current Interest Bonds) and \$35,785,304.70 in Series 2024B (Capital Appreciation Bonds)
- Purpose of Issue:
 - Pay for certain costs of Complete 540 – Phase 2,
 - Provide funds to pay interest on certain Series 2024 Bonds,
 - Pay the premiums for a bond insurance policy and for the portion of the Reserve alternative Instrument relating to the amount of the increase in the Senior Lien Parity Reserve Account Requirement, and
 - Pay costs of issuance
- Optional Redemption:
 - Subject to optional redemption by NCTA in whole or in part at any time on or after January 1, 2034
- All-In True Interest Cost of 4.7924%
- Series 2024A Payments:
 - Principal is due annually on January 1, 2053 to January 1, 2058
 - Interest is due semi-annually January 1 and July 1, commencing July 1, 2024
- Series 2024B Payments:
 - Principal is due annually on January 1, 2050 to January 1, 2053
 - There are no interest payments due, but interest becomes compounded as the par amounts accrete over time

RATINGS

S&P: BBB (Stable)
Fitch: BBB+ (Stable)
S&P: AA (Insured)

Series 2024 TIFIA Loan

- On January 30, 2024, NCTA is scheduled to close on a \$417,193,471 loan with the USDOT TIFIA Program
- The loan interest rate will be set at closing
- NCTA anticipates drawing on the loan from FY 2025 – FY 2029 in the following amounts:
 - FY 2025: \$107 million
 - FY 2026: \$122 million
 - FY 2027: \$74 million
 - FY2028: \$80 million
 - FY 2029: \$35 million
- Payments:
 - The TIFIA Loan will have Mandatory and Scheduled payments
 - Interest on the loan accrues fully until the first semi-annual payment date of January 1, 2034
 - Principal is paid semi-annually beginning January 1, 2050 through July 1, 2063
- The TIFIA Loan will be issued on the junior lien.

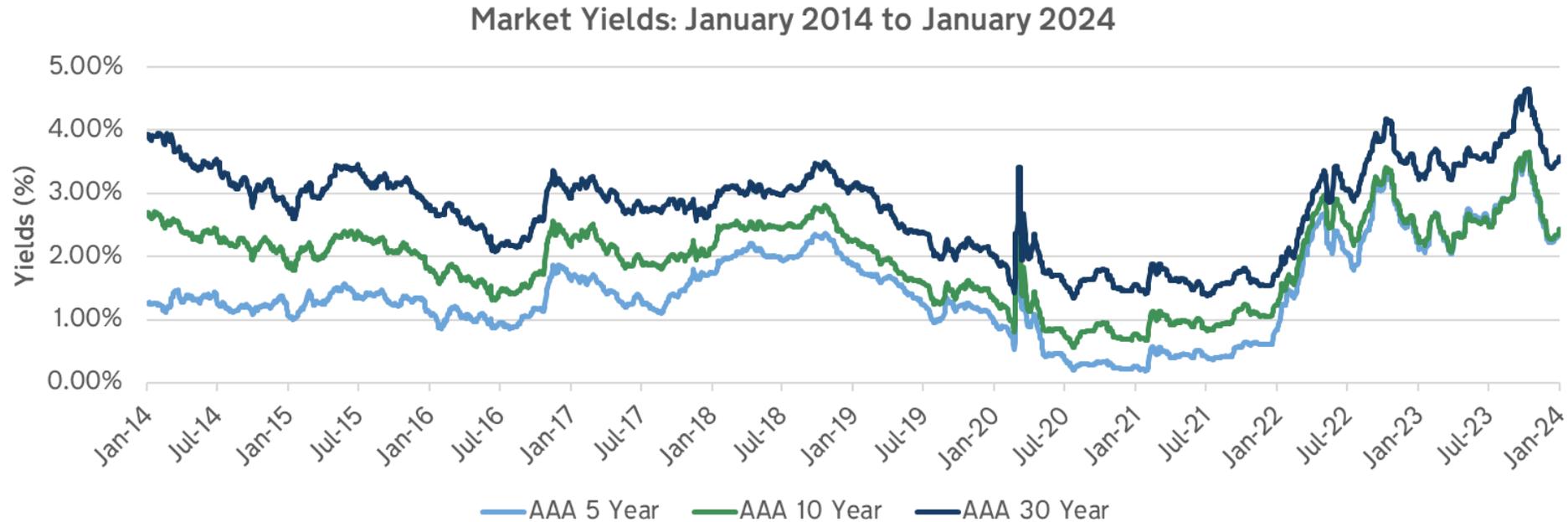
RATINGS

Fitch: **BBB+**
(Stable Outlook)

S&P: **BBB**
(Stable Outlook)

Market Conditions for Sale – Historic Yields

- The following graph shows the ten-year historic rates for the 5, 10, and 30-year AAA BVAL
- BVAL is the underlying index used to price the Turnpike Revenue Bonds



	5-Year AAA BVAL	10-Year AAA BVAL	30-Year AAA BVAL
Avg 1/17/2014-Present	1.45%	1.95%	2.77%
Sale Date: 1/17/2024	2.41%	2.44%	3.57%
Difference	96 bps	49 bps	80 bps

Market Conditions for Sale – Historic Yields

- The following graph shows the ten-year historic rates for the 30-Year UST
- The TIFIA loan rate will be set 1 basis point higher than the 30-Year UST

Market Yields: January 2014 to January 2024



	30-Year UST
Avg: 1/17/2014-Present	2.81%
TIFIA Loan Closing Date	4.31%
Difference	150 bps

Order Summary – 2024 Bonds

- Based on the initial interest rate scale, orders were received until 11:00 AM ET which are summarized below
- Priority subscription levels ranged from 130% to 214% on the Series 2024A (Current Interest Bonds) and 345% to as high as 554% on the Series 2024B (Capital Appreciation Bonds)

Current Interest Bonds						
Maturity	Coupon	Amount (\$000's)	Retail (\$000's)	Institutional (\$000's)	Priority Orders (\$000's)	Priority Subscription
1/1/2053	5.00%	7,205	-	13,405	13,405	186%
1/1/2054	5.00%	39,175	250	83,575	83,825	214%
1/1/2058	5.00%	258,640	5,500	331,050	336,550	130%
Totals		305,020	5,750	428,030	433,780	142%

Capital Appreciation Bonds						
Maturity	Coupon	Amount (\$000's)	Retail (\$000's)	Institutional (\$000's)	Priority Orders (\$000's)	Priority Subscription
1/1/2050	0.00%	33,805	100	116,610	116,710	345%
1/1/2051	0.00%	35,060	-	129,180	129,180	368%
1/1/2052	0.00%	36,250	-	169,000	169,000	466%
1/1/2053	0.00%	30,455	-	168,620	168,620	554%
Total		135,570	100	583,410	583,510	430%

Pricing Worksheet – 2024 Final Scale

- Based on the strong investor interest for the Series 2024B Capital Appreciation Bonds during the order period, PFM and Bank of America proposed lowering the yields by 5 to 6 bps
- Yields on the Series 2024A Current Interest Bonds were unchanged
- Final pricing of the 2024 Bonds along with the noted adjustments are presented below:

Final Scale										
Maturity	Current Interest Bonds (CIBs)					Capital Appreciation Bonds (CIBs)				AAA BVAL**
	Amount	Coupon	Yield	Spread to AAA BVAL	Preliminary vs Final	Amount	Yield	Spread to AAA BVAL	Preliminary vs Final	1/16/2024
1/1/2050	-	-	-	-	-	9,669,547	4.88%	149 bps	-5 bps	3.39%
1/1/2051	-	-	-	-	-	9,480,890	4.91%	150 bps	-5 bps	3.41%
1/1/2052	-	-	-	-	-	9,264,084	4.94%	150 bps	-5 bps	3.44%
1/1/2053	7,190,000	5.00%	4.17%	72 bps	-	7,370,784	4.96%	151 bps	-6 bps	3.45%
1/1/2054	39,100,000	5.00%	4.18%	73 bps	-	-	-	-	-	3.45%
1/1/2055	42,405,000 *	5.00%	4.23%	-	-	-	-	-	-	3.45%
1/1/2056	66,690,000 *	5.00%	4.23%	-	-	-	-	-	-	3.45%
1/1/2057	71,855,000 *	5.00%	4.23%	-	-	-	-	-	-	3.45%
1/1/2058	77,335,000 *	5.00%	4.23%	78 bps	-	-	-	-	-	3.45%

*Term Bonds

**January Interpolated BVAL

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Thank you!