

*This Official Statement has been prepared by the North Carolina Turnpike Authority to provide information on the Series 2024 Bonds. Selected information is presented on this cover page for the convenience of the user. Unless indicated, capitalized terms used on this cover page have the meanings given hereafter in this Official Statement. To make an informed decision regarding the Series 2024 Bonds, a prospective investor should read this Official Statement in its entirety.*



**NORTH CAROLINA TURNPIKE AUTHORITY**  
**\$182,810,000**  
**Monroe Expressway System**  
**State Appropriation Revenue Refunding Bonds,**  
**Series 2024**

**Dated: Date of Delivery****Due: as shown on inside front cover****Tax Matters:**

In the opinion of Bond Counsel, under existing law and subject to conditions described in “TAX MATTERS” herein, interest on the Series 2024 Bonds i) is excludable from gross income of the holders thereof for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax on individuals. However, such interest is included in the “adjusted financial statement income” (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that, under existing law, interest on the Series 2024 Bonds is exempt from all present State of North Carolina income taxes. See “TAX MATTERS” herein regarding other tax considerations.

**Redemption:**

The Series 2024 Bonds are subject to optional redemption at the times and at the Redemption Prices described herein. See “THE SERIES 2024 BONDS – Redemption Provisions.”

**Purpose:**

The proceeds of the Series 2024 Bonds will be used to (a) refund the outstanding principal amount of the Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds) (the “Refunded Bonds”), and (b) pay certain costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds. See “PLAN OF REFUNDING.”

**Security:**

The Series 2024 Bonds will be special obligations of the Authority, secured by and payable solely from, the Revenues pledged therefor as herein described. Certain other bonds are secured on parity with the Series 2024 Bonds. “Revenues” primarily consist of an annual appropriation of \$24,000,000 to the Authority by the State of North Carolina from the North Carolina Highway Trust Fund, with such appropriation subject to the discretion of the North Carolina General Assembly. *Neither the credit nor the taxing power of the State or any of the State’s political subdivisions is pledged for the payment of principal of, premium, if any, or interest on the Series 2024 Bonds, and no Owner of the Series 2024 Bonds has the right to compel the exercise of the taxing power of the State or any of the State’s political subdivisions or the forfeiture of any of their respective properties other than the funds pledged therefor in connection with any default on the Series 2024 Bonds.* See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS.” ACCELERATION IS NOT A REMEDY AVAILABLE TO OWNERS OF THE SERIES 2024 BONDS UPON DEFAULT. THE AUTHORITY HAS NO TAXING POWER.

**Interest Payment Dates:**

Interest on the Series 2024 Bonds will be paid on January 1 and July 1, commencing July 1, 2024.

**Closing:**

April 8, 2024

**Bond Counsel:**

McGuireWoods LLP, Raleigh, North Carolina

**Underwriters’ Counsel:**

Hunton Andrews Kurth LLP, Charlotte, North Carolina

**Trustee and Paying Agent:**

Computershare Trust Company, N.A., St. Paul, Minnesota.

**Financial Advisor:**

PFM Financial Advisors, LLC, Orlando, Florida

The Series 2024 Bonds are offered, when, as and if issued and received by the Underwriters, subject to prior sale and the opinion of Bond Counsel as to their validity, the tax treatment of interest thereon and certain other matters.

**BofA Securities**

**J.P. Morgan**

**TD Securities**

**Wells Fargo Securities**

**The date of this Official Statement is April 4, 2024.**

**NORTH CAROLINA TURNPIKE AUTHORITY**

**\$182,810,000**

**Monroe Expressway System  
State Appropriation Revenue Refunding Bonds,  
Series 2024**

**Maturity Schedule**

<b>Due (January 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Yield</b>	<b>CUSIP**</b>
2025	\$6,590,000	5.000%	101.154%	3.380%	65830W AW8
2026	7,480,000	5.000	103.036	3.180	65830W AX6
2027	7,845,000	5.000	105.201	3.000	65830W AY4
2028	8,235,000	5.000	107.553	2.850	65830W AZ1
2029	8,640,000	5.000	109.772	2.780	65830W BA5
2030	9,070,000	5.000	111.906	2.740	65830W BB3
2031	9,520,000	5.000	113.866	2.730	65830W BC1
2032	9,995,000	5.000	115.569	2.750	65830W BD9
2033	10,490,000	5.000	117.269	2.760	65830W BE7
2034	11,010,000	5.000	118.996	2.760	65830W BF4
2035	11,555,000	5.000	118.247	2.840*	65830W BG2
2036	12,125,000	5.000	117.410	2.930*	65830W BH0
2037	12,725,000	5.000	116.581	3.020*	65830W BJ6
2038	13,355,000	5.000	115.577	3.130*	65830W BK3
2039	14,020,000	5.000	114.853	3.210*	65830W BL1
2040	14,715,000	5.000	113.956	3.310*	65830W BM9
2041	15,440,000	5.000	112.979	3.420*	65830W BN7

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\*Yield reflects Series 2024 Bonds priced to first optional call date of January 1, 2034.

\*\* CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright©2024 CUSIP Global Services. All rights reserved. The CUSIP data herein is provided solely for the convenience of reference only. Neither the Authority nor the Underwriters are responsible for selection or use of these CUSIP numbers, and no representation is made as to their correctness on the Series 2024 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2024 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2024 Bonds.



## **NORTH CAROLINA TURNPIKE AUTHORITY**

### **STATE OFFICIALS**

Roy Cooper	Governor
Joseph R. Hopkins, P.E.	Secretary of NCDOT
Chris Peoples, P.E.	Chief Operating Officer of NCDOT
Mark Newsome	Chief Financial Officer of NCDOT
Lamar Sylvester, P.E.	Chief Engineer of NCDOT

### **AUTHORITY MEMBERS**

Joseph R. Hopkins, P.E.	Chairman
James Walker	Vice Chairman
Robert D. Teer, Jr.	Secretary/Treasurer
John Adcock	Member
Julie Eiselt	Member
Dr. Pamela Gibson Senegal	Member
Sam Hunt IV	Member
Montell W. Irvin	Member
Charles L. Travis III	Member

### **MANAGEMENT STAFF**

James J. "J.J." Eden	Executive Director
David Roy*	Chief Financial Officer
Cheryl Reed*	Deputy Chief Financial Officer
Manish G. Chourey	Chief Technology Officer
Patrick Norman, P.E.	Chief Engineer
Dennis Jernigan, P.E.	Deputy Chief Engineer for Highway Operations
Ron McCollum, P.E.	Deputy Chief Engineer for Preconstruction

### **MUNICIPAL ADVISOR**

PFM Financial Advisors, LLC, Orlando, Florida

### **BOND COUNSEL**

McGuireWoods LLP, Raleigh, North Carolina

\* David Roy will serve as Chief Financial Officer until April 15, 2024 at which time Mr. Roy will become the Director of Innovative Finance and Delivery within the Authority. Cheryl Reed will serve as the interim Chief Financial Officer.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representation other than those contained in this Official Statement in connection with the offering described herein, and, if given or made, such other information or representation must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Series 2024 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Series 2024 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Neither the delivery of this Official Statement nor the sale of any of the Series 2024 Bonds implies that the information herein is correct as of any date subsequent to the date hereof.

Neither the Series 2024 Bonds nor the Trust Agreement have been registered or qualified with the Securities and Exchange Commission by reason of the provisions of Section 3(a)(2) of the Securities Act of 1933, as amended, or Section 304(a)(4) of the Trust Indenture Act of 1939, as amended. The registration or qualification of the Series 2024 Bonds and the Trust Agreement in accordance with applicable provisions of securities laws of the states, if any, in which the Series 2024 Bonds and the Trust Agreement have been registered or qualified, and the exemption from registration or qualification in other states, shall not be regarded as a recommendation thereof.

In making an investment decision, investors must rely on their own examination of the terms of the offering, including the merits and risks involved. These securities have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense.

All quotations from and summaries and explanations of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information set forth herein has been obtained from the Authority and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information contained herein is subject to change after the date of this Official Statement, and this Official Statement speaks only as of the date hereof.

Certain statements contained in this Official Statement reflect forecasts and constitute forward-looking statements rather than historical facts. In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe" and similar expressions are intended to identify forward-looking statements. All such forward-looking statements are expressly qualified by the cautionary statements set forth in this Official Statement.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Trustee has not reviewed or participated in the preparation of this Official Statement and assumes no responsibility for the contents, accuracy, fairness or completeness of the information given in this Official Statement or for the recitals contained in the Trust Agreement or for the validity, sufficiency, or legal effect of any of such documents. Furthermore, the Trustee has no oversight responsibility, and is not accountable, for the use or application by the Authority of the proceeds from the sale of the Series 2024 Bonds. The Trustee has no duty to, has not undertaken to evaluate, and has not evaluated, the risks, benefits, or propriety of any investment in the Series 2024 Bonds and makes no representation, and has reached no conclusions, regarding the investment quality of the Series 2024 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

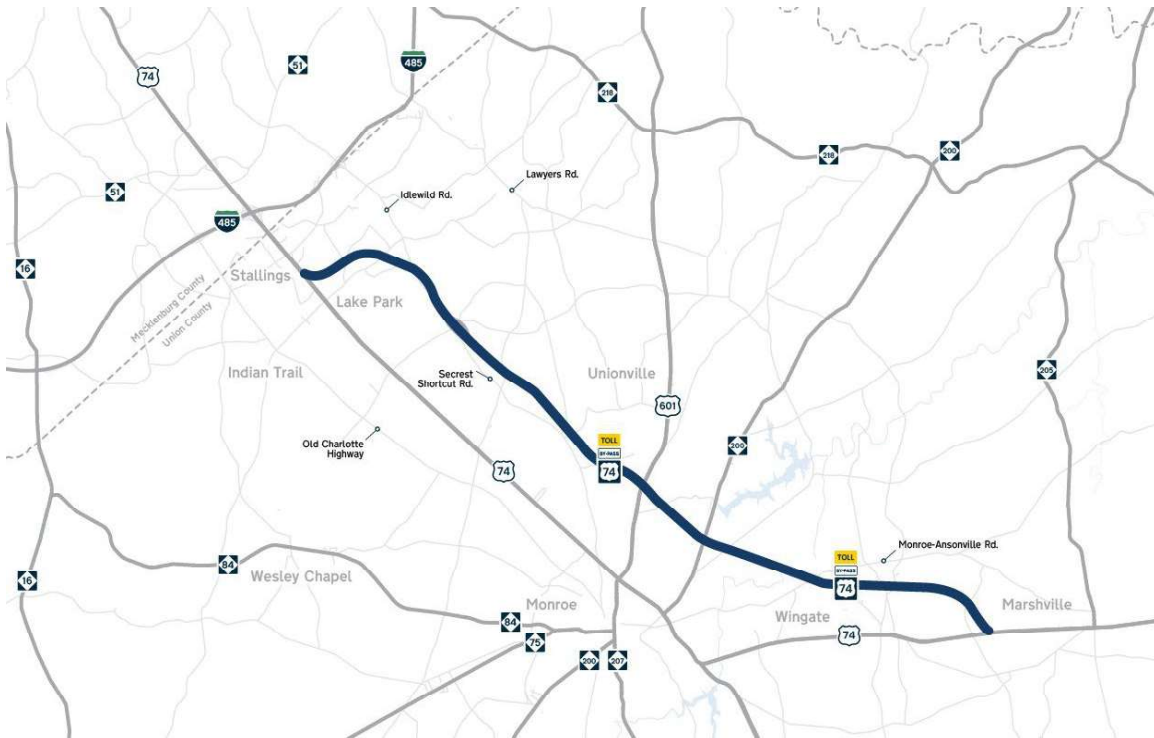
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## North Carolina Turnpike Authority Monroe Expressway System



## Regional Location Map



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## OFFICIAL STATEMENT

### Concerning

**NORTH CAROLINA TURNPIKE AUTHORITY**  
**\$182,810,000**  
**Monroe Expressway System**  
**State Appropriation Revenue Refunding Bonds,**  
**Series 2024**



## INTRODUCTION

The purpose of this Official Statement, which includes the appendices, is to provide certain information in connection with the issuance by the North Carolina Turnpike Authority (the "Authority") of its \$182,810,000 Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2024 (the "Series 2024 Bonds"). The Series 2024 Bonds are issued pursuant to applicable provisions of law, a bond order adopted by the Authority on March 26, 2024 (the "Bond Order"), and a Trust Agreement dated as of October 1, 2010 (the "Original Trust Agreement"), between the Authority and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, N.A., as trustee (the "Trustee"), as supplemented by a First Supplemental Trust Agreement dated as of November 1, 2011 (the "First Supplemental Trust Agreement"), a Second Supplemental Trust Agreement dated as of April 1, 2021 (the "Second Supplemental Trust Agreement") and a Third Supplemental Trust Agreement dated as of April 1, 2024 (the "Third Supplemental Trust Agreement," and together with the Original Trust Agreement, the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, the "Trust Agreement"). The Trust Agreement and the Bond Order are herein referred to as the "Authority Documents."

This introduction provides certain limited information to serve as a guide to the Official Statement and is expressly qualified by the Official Statement as a whole. Investors should make a full review of the entire Official Statement and the documents summarized or described herein.

Forms of the Original Trust Agreement and the Third Supplemental Trust Agreement are attached hereto in Appendix A – Forms of Original Trust Agreement and the Third Supplemental Trust Agreement. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Trust Agreement unless otherwise indicated.

### Authorization

The Authority was created under The Public Toll Roads and Bridges Act, Article 6H of Chapter 136 of the North Carolina General Statutes, as amended (the "Authority Act"), and is a part of the North Carolina Department of Transportation ("NCDOT"). See "THE AUTHORITY" herein. The Series 2024 Bonds are issued under the Authority Act and The State and Local Government Revenue Bond Act, Article 5 of Chapter 159 of the North Carolina General Statutes, as amended (the "Revenue Bond Act"), and the Authority Documents.

### Purpose and Plan of Refunding

The Series 2024 Bonds are being issued for the purpose of providing funds, together with other available funds, to (a) refund the outstanding principal amount of the Series 2010A Bonds (described below) (the "Refunded Bonds"), and (b) pay certain costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds.



The Refunded Bonds were issued for the purpose of providing funds, together with other available funds, to (a) pay the costs of land acquisition, design, construction and equipping of the Monroe Expressway System (formerly known as the Monroe Connector System), a 19.8 mile toll roadway facility in Mecklenburg and Union Counties, North Carolina (the "Monroe Expressway System"), and (b) pay the costs incurred in connection with the issuance of the Refunded Bonds. See "PLAN OF REFUNDING" herein.

### **Parity Debt**

To finance a portion of the Monroe Expressway System, the Authority has previously issued its (a) \$233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds) (the "Series 2010A Bonds"), pursuant to the Original Trust Agreement and currently outstanding in the principal amount of \$208,060,000, (b) \$214,505,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2011 (the "Series 2011 Bonds"), issued pursuant to the First Supplemental Trust Agreement and no longer outstanding and (c) \$73,985,000 Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2021 (Forward Delivery) (the "Series 2021 Bonds"), issued pursuant to the Second Supplemental Trust Agreement and currently outstanding in the principal amount of \$71,130,000.

Following the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds, the Series 2021 Bonds and the Series 2024 Bonds will be the only bonds outstanding under the Trust Agreement.

### **Revenue Bonds**

In addition to the Series 2010A Bonds, the Series 2011 Bonds and the Series 2021 Bonds, the Authority has (i) issued its (a) \$119,455,000 Monroe Expressway Toll Revenue Bonds, Series 2016A and (b) \$17,596,904.35 Monroe Expressway Toll Revenue Bonds, Series 2016C (Capital Appreciation Bonds) (collectively, the "Revenue Bonds") and (ii) obtained a loan under the Transportation Infrastructure Finance and Innovation Act of 1998 (the "TIFIA Loan") in an amount not to exceed \$166,500,000, to finance a portion of the Monroe Expressway System. The Revenue Bonds were issued pursuant to a separate Trust Agreement dated as of December 1, 2016 (the "General Revenue Bond Trust Agreement") between the Authority and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, N.A., as trustee (the "Revenue Bond Trustee"), which amended and restated the Trust Agreement dated as of November 1, 2011 between the Authority and the Revenue Bond Trustee. The TIFIA Loan was made pursuant to a Loan Agreement dated as of January 31, 2017 between the Authority and the United States Department of Transportation and was evidenced by a revenue bond issued under the General Revenue Bond Trust Agreement that is subordinate to the Revenue Bonds.

The Revenue Bonds and the TIFIA Loan are special obligations of the Authority, secured by and payable under the General Revenue Bond Trust Agreement from "Revenues" (as defined therein) of the Monroe Expressway System, consisting primarily of the tolls, fees, charges and other payments received by the Authority from the ownership and operation of the Monroe Expressway System. As defined under the General Revenue Bond Trust Agreement, "Revenues" also includes a portion of the amounts to be received by the Authority from an annual appropriation of \$24,000,000 to the Authority from the State of North Carolina after payment of debt service on the Appropriation Bonds, as described below under "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS" herein. **Most of such annual appropriation from the State will be used to pay debt service on the Appropriation Bonds. The Appropriation Bonds are not secured by the tolls or other revenues of the Monroe Expressway System or any funds held under the General Revenue Bond Trust Agreement.**

## **Security**

The Series 2024 Bonds will be special obligations of the Authority, secured by and payable from, on parity with the outstanding Series 2021 Bonds, the Revenues and, under certain circumstances, the proceeds of the Series 2024 Bonds. "Revenues" consist of an annual appropriation of \$24,000,000 to the Authority by the State of North Carolina (the "State") from the North Carolina Highway Trust Fund, a special fund of the State created for the purpose of funding highway construction (the "State Appropriated Revenues") and the investment income realized from the investment of amounts held under the Trust Agreement. The annual appropriation is subject to the discretion of the North Carolina General Assembly. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS" herein.

The Series 2024 Bonds and the Series 2021 Bonds will not be secured by a debt service reserve fund. The Reserve Fund Requirement for the Reserve Fund created by the Original Trust Agreement was equal to the maximum interest subsidy payments on the Series 2010A Bonds expected to be received in the current or any future fiscal year under Sections 54AA and 6431 of the Code with respect to "Build America Bonds". In connection with the refunding of the Refunded Bonds, the amounts in the Reserve Fund will be used to redeem the Refunded Bonds.

## **The Authority**

See "THE AUTHORITY" herein for certain information regarding the Authority.

## **Details of Series 2024 Bonds**

The Series 2024 Bonds will be dated the date of delivery thereof. Interest on the Series 2024 Bonds will be payable on January 1 and July 1, beginning July 1, 2024, at the rates shown on the inside front cover. Principal on the Series 2024 Bonds will be payable, subject to prior redemption as described herein, on January 1 in the years and amounts shown on the inside front cover.

## **Book-entry-only**

The Series 2024 Bonds will be issued as fully registered bonds in book-entry-only form, without physical delivery of bond certificates to the beneficial owners of the Series 2024 Bonds. The Bond Registrar will make payment of principal of and interest on the Series 2024 Bonds to The Depository Trust Company, New York, New York ("DTC"), which will in turn remit such payment to its participants for subsequent distribution to the beneficial owners of the Series 2024 Bonds. Individual purchases of the Series 2024 Bonds by the beneficial owners will be made in denominations of \$5,000 or whole multiples thereof. See Appendix C hereto for more information regarding DTC and the book-entry-only system.

## **Tax Status**

In the opinion of Bond Counsel, interest on the Series 2024 Bonds (a) is excludable from the gross income of the owners of the Series 2024 Bonds for purposes of federal income taxation, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is further of the opinion that interest on the Series 2024 Bonds is exempt from all present State of North Carolina income taxes. See "TAX MATTERS" herein regarding other tax considerations.

## Professionals

The Underwriters set forth on the cover page of this Official Statement (the "Underwriters"), are underwriting the Series 2024 Bonds. McGuireWoods LLP, Raleigh, North Carolina, is serving as Bond Counsel and Disclosure Counsel. Hunton Andrews Kurth LLP, Charlotte, North Carolina, is serving as counsel to the Underwriters. Alan McInnes, Esq., an Assistant Attorney General for the State, is acting as counsel to the Authority. Computershare Trust Company, N.A., St. Paul, Minnesota, is serving as the Trustee and Bond Registrar. PFM Financial Advisors, LLC, Orlando, Florida, is acting as municipal advisor to the Authority in connection with the issuance of the Series 2024 Bonds.

## THE AUTHORITY

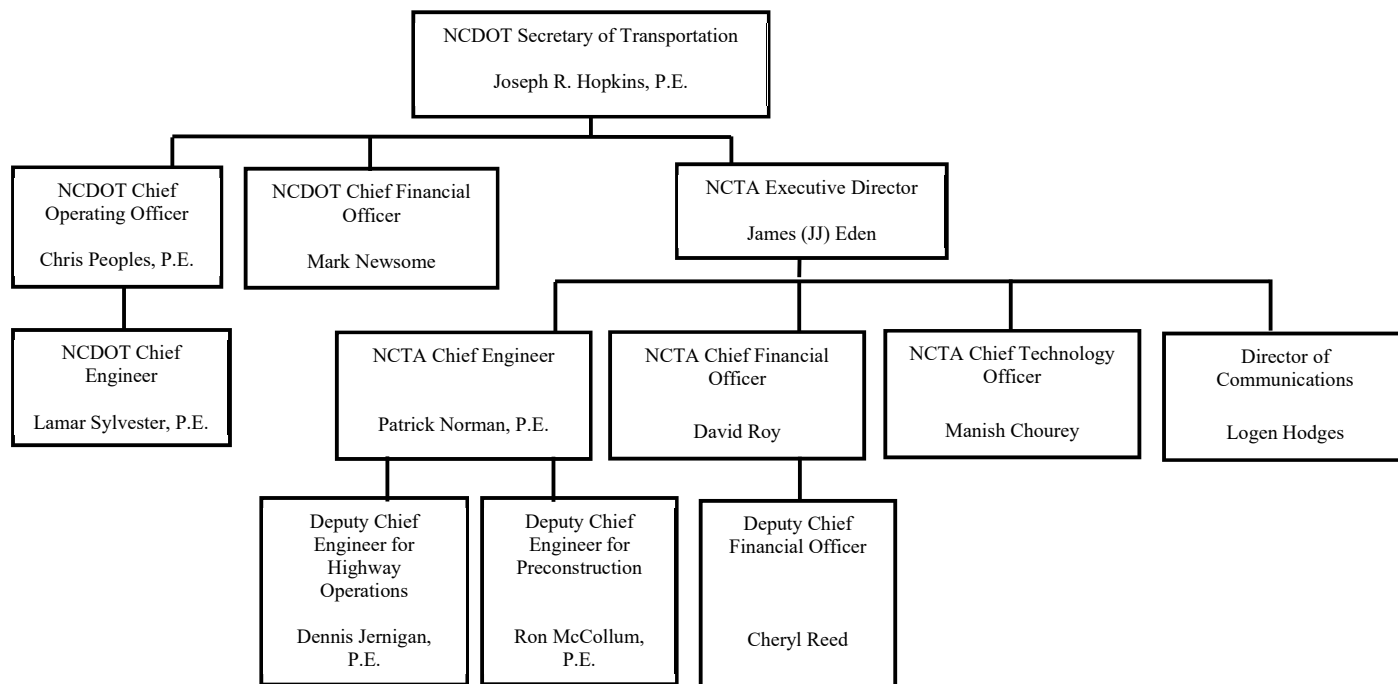
The Authority is a body politic and corporate and a public agency of the State of North Carolina (the "State") created pursuant to the Authority Act and exists within NCDOT. The Authority is authorized to design, establish, purchase, construct, operate, and maintain no more than eleven projects, including the Monroe Expressway System.

The Authority is governed by a nine-member Authority Board, consisting of four members appointed by the General Assembly of North Carolina (two members appointed by the President Pro-Tempore of the Senate and two members appointed by the Speaker of the House of Representatives), four members appointed by the Governor of the State, and the North Carolina Secretary of Transportation. The Chair of the Authority is selected by the Authority Board. Currently, Joseph R. Hopkins, the North Carolina Secretary of Transportation, serves as the Chairman of the Authority Board. The following is a list of the current members of the Authority Board, their occupations and the expiration of their terms of office.

Name	Occupation	Term Expires
Joseph R. Hopkins, P.E.	Secretary, NCDOT	Ex-Officio
James Walker	Attorney/Mediator	2027
Robert D. Teer, Jr.	President, Teer Associates	2027
John Adcock	Attorney	2025
Julie Eiselt	Retired; Prior mayor pro tem of the City of Charlotte, NC	2027
Dr. Pamela Gibson Senegal	President of Piedmont Community College	2027
Sam Hunt IV	President of Hunt Electric	2024
Montell W. Irvin	Retired, Former President and CEO, Ramey Kemp & Associates, Inc.	2025
Charles 'Chuck' L. Travis III	Former Mayor of the Town of Cornelius, NC	2027

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The Authority is part of NCDOT, and the executive leadership of both the Authority and NCDOT are involved in all Authority projects. The following organizational chart demonstrates the integration of various functions of NCDOT and the Authority.



The following are the current members of senior management of NCDOT and the Authority and summaries of their professional experience.

***Joseph R. Hopkins, P.E., Secretary, NCDOT.*** Joseph Hopkins was appointed Secretary of NCDOT in October 2023 by the Governor. Mr. Hopkins is a registered professional engineer and has worked at NCDOT for more than 30 years in a variety of roles. Before being named Secretary of NCDOT, Mr. Hopkins served as NCDOT's chief operating officer. He has also served as deputy chief engineer and has held the roles of division engineer, deputy division engineer, division maintenance engineer and division operations engineer in Division 5. He was a member of NCDOT's Transformation Management Team and was instrumental in developing the strategic prioritization process, the forerunner of the strategic mobility formula. This data driven process is used to help prioritize transportation projects in North Carolina. Mr. Hopkins is a graduate of N.C. State University.

***Mark Newsome, Chief Financial Officer, NCDOT.*** As Chief Financial Officer, Mark Newsome oversees the NCDOT's financial operations including accounting, budget, treasury, debt financing, forecasting and spend management. Mr. Newsome has worked in the public sector since the early 1990s. He served as the chief financial officer of the N.C. Department of Information Technology and as a controller and chief financial officer in North Carolina higher education and local government. Mr. Newsome has supported state and local governments across the southeast as a risk advisory consultant in public accounting. He came to NCDOT in June 2022 as the deputy chief financial officer of the Authority. Mr. Newsome earned a bachelor's degree in political science from Elon University and a master's degree in accounting from Liberty University.

***Chris Peoples, P.E., Chief Operating Officer, NCDOT.*** Chris Peoples was appointed to Chief Operating Officer commencing October 1, 2023. As Chief Operating Officer, he directs and manages the

Division of Highways, Ferry Division, Aviation Division, Rail Division, the Integrated Mobility Division, Division of Planning & Programming, Human Resources and the Communications Office. Mr. Peoples is a registered professional engineer and has worked at NCDOT for more than 28 years in several field engineering positions, including state materials engineer and director of field support. He became Deputy Chief Engineer in 2019. In June 2022, he started his previously held role – Chief Engineer – directing the engineering and program activities of NCDOT's 14 highway divisions, Transportation Mobility and Safety Division, the Central Units and the Technical Services Division. In 1993, Mr. Peoples earned a bachelor of science degree in chemical engineering from N.C. State University.

***Lamar Sylvester, Chief Engineer, NCDOT.*** Mr. Sylvester was appointed Chief Engineer commencing October 1, 2023. As Chief Engineer, he oversees and directs the engineering and program activities of NCDOT's 14 highway divisions, Transportation Mobility and Safety Division, the Central Units, and the Technical Services Division. Mr. Sylvester began his NCDOT career in June of 1995 as a transportation engineer associate and he served as an assistant resident and resident engineer in Division 5. Mr. Sylvester had a brief stint working for the City of Raleigh, North Carolina before returning to NCDOT as an airport project manager for the Division of Aviation. In 2005, Mr. Sylvester transferred to the Division of Highways where he held various positions including estimates and claims engineer in the Central Construction Unit, state roadway construction engineer and state construction engineer. In 2020, Mr. Sylvester joined the Chief Engineer's Office, serving in both the Director of Field Support and Deputy Chief Engineer roles. Mr. Sylvester received a bachelor of science degree in civil engineering from N.C. State University.

***James J. "J.J." Eden, Executive Director of the Authority.*** James J. "J.J." Eden is the Executive Director of the Authority and is responsible for developing and implementing its strategic vision to address the combined effects of rapid growth, increasing congestion and funding challenges. Prior to serving as executive director of the Authority, Mr. Eden served as vice president and director of the National Tolling & Managed Lanes Division at AECOM. He also serves as president and chief executive officer of the nonprofit Alliance for Toll Interoperability. His previous experience also includes serving as the Authority's chief operating officer from 2006 to 2010, and as a founder of the Interagency Group, better known as the E-ZPass system. Mr. Eden began his career as assistant chief engineer at the Pennsylvania Turnpike Commission, where he designed multiple-award winning facilities and construction and maintenance procedures. He is an honorary member of the International Bridge, Tunnel & Turnpike Association.

***Patrick Norman, P.E., Chief Engineer of the Authority.*** Patrick Norman serves as the Chief Engineer of the Authority. Mr. Norman has worked for NCDOT for 22 years and has served in several positions related to long-range planning and budgeting, asset management, operations, and most recently was the division engineer for Division 8. Mr. Norman is a licensed professional engineer and earned his bachelor's degree in civil engineering from N.C. State University.

***Dennis W. Jernigan, P.E., Deputy Chief Engineer for Highway Operations of the Authority.*** Dennis Jernigan serves as the Authority's Deputy Chief Engineer for Highway Operations. Prior to his role, Mr. Jernigan served as the NCDOT Division 5 Construction Engineer. Mr. Jernigan has over 28 years of experience with NCDOT, including Roadway Construction Engineer for the Central Construction Unit, Division 4 Resident Engineer, and Assistant Resident Engineer in Divisions 6 and 8. Mr. Jernigan holds a bachelor's degree in civil engineering from N.C. State University, and is a licensed professional engineer and a certified public manager.

***Ron McCollum, P.E., Deputy Chief Engineer for Preconstruction of the Authority.*** Ron McCollum services as the Authority's Deputy Chief Engineer for Preconstruction. As Deputy Chief Engineer for Preconstruction, he is responsible for the planning and procurement of Authority projects. Prior to his current role, Mr. McCollum served as NCDOT Design-Build Assistant Manager. Mr.

McCollum has over 28 years of experience with NCDOT, including Senior Airport Project Manager, Design-Build Project Engineer, and Roadway Design Project Engineer. Mr. McCollum earned a bachelor's degree in civil engineering from N.C. State University and is a licensed professional engineer.

***David Roy, Chief Financial Officer of the Authority.*** David Roy has served as the Authority's Chief Financial Officer since 2013. In March 2024, Mr. Roy was appointed to serve as Director of Innovative Finance and Delivery, a newly created position within the Authority. Mr. Roy will continue to serve as Chief Financial Officer until April 15, 2024. As Chief Financial Officer, Mr. Roy is responsible for all aspects of financial analysis, planning, and reporting for turnpike projects. Prior to joining the Authority, Mr. Roy spent seven years in investment banking with Credit Suisse, serving in various fixed income and valuation risk capacities. Mr. Roy is a native of Raleigh, North Carolina and received his undergraduate degree in business administration, with a second major in economics, from The University of North Carolina at Chapel Hill. He has also earned his master's degree in business administration from the University of Chicago, Booth School of Business.

***Cheryl Reed, Chief Financial Officer of the Authority.*** Cheryl Reed currently serves as the Authority's Deputy Chief Financial Officer. As of April 15, 2024, Ms. Reed will serve as the interim Chief Financial Officer until such position is filled. Ms. Reed has over 25 years of state and local government experience in finance and budgeting. Most recently, Ms. Reed served as the chief financial officer and deputy chief financial officer for the N.C. Department of Information Technology. In addition, she worked as a senior level analyst with the Office of State Budget and Management, the Administrative Office of the Courts and local government entities. Ms. Reed earned a bachelor's degree in business administration from California State University, Sacramento, and a master's degree in public administration from N.C. State University.

***Manish Chourey, Chief Technology Officer of the Authority.*** Manish Chourey serves as the Authority's Chief Technology Officer. Prior to joining the Authority, he was a senior director of system development at Conduent. Mr. Chourey has more than 25 years of experience in all phases of software development and technical solutions for tolling projects. He has bachelor's degrees in physics and applied technology and computer science from the University of Mumbai and has a master's degree in technology management from the University of Maryland Global Campus.

***Logen L. Hodges, Director of Communications & Marketing of the Authority.*** Logen Hodges is the Director of Communications & Marketing for the Authority. He joined the Authority as an embedded consultant in 2018 before moving into the Director of Communications & Marketing position in 2021. During his time with the Authority, Mr. Hodges has worked on improving all aspects of the customer experience, public outreach program and marketing strategy. Mr. Hodges earned his undergraduate degree in political science from Liberty University.

The Authority Act authorizes the Authority to issue bonds pursuant to the Revenue Bond Act to finance or refinance the cost of the turnpike projects it undertakes, and to fix, revise, charge, retain, enforce and collect tolls and fees for the use of the turnpike projects. The Monroe Expressway System opened to toll traffic in November 2018. In addition to the Monroe Expressway, the Authority has constructed and operates the Triangle Expressway, an approximately 18.8 mile toll roadway facility from the interchange of I-40 and NC 147 on the north end to the NC 55 Bypass near Holly Springs, North Carolina in Durham and Wake Counties, North Carolina, and is currently constructing the next phase of the Triangle Expressway System known as Complete 540 – Phase 1, consisting of the extension of the Triangle Expressway for approximately 17.8 miles from NC 55 Bypass in Apex to I-40, and is in the design and procurement phase for Complete 540 – Phase 2, which consists of the remaining 10.2 miles from I-40 to I-87/US 64/US 264 and will complete the 540 Outer Loop around the greater Raleigh area (collectively, the "Triangle Expressway System"). In addition, the Authority is proceeding with plans for financing and

constructing several additional toll road projects in the State, including a network of express lanes along I-77, I-485 and US 74 in the Charlotte area, and the Mid-Currituck Bridge to connect the North Carolina Outer Banks to the mainland, each of which is at a different stage of development.

**Pursuant to North Carolina General Statute § 136-89.188(a), revenues derived from any Authority project shall only be used for costs associated with such project and may not be cross-collateralized with other Authority projects; therefore, the revenues from each of the Monroe Expressway and the Triangle Expressway System are only used for their respective system.**

## **THE SERIES 2024 BONDS**

### **Authorization**

The issuance of the Series 2024 Bonds received the required approval of the North Carolina Local Government Commission (the "LGC") on April 2, 2024. The LGC is a division of the State Treasurer's office charged with general oversight of local government finance in North Carolina, as well as certain matters of finance by selected State agencies. Its approval is required for the issuance of the Series 2024 Bonds by the Authority. In determining whether to allow bonds to be issued under the Revenue Bond Act, the LGC has been given wide statutory discretion to consider the need for and feasibility of the projects to be financed, the issuing unit's capability to repay the amount financed from the pledged revenue sources and the issuer's general compliance with State budget and finance laws. Under the Revenue Bond Act, the LGC is also responsible, with the Authority's approval, for selling bonds issued pursuant to the Revenue Bond Act.

### **General**

The Series 2024 Bonds will be dated the date of delivery thereof, will bear interest from their date payable on each January 1 and July 1, beginning July 1, 2024, at the rates shown on the inside front cover and will mature, subject to prior redemption as described below for certain Series 2024 Bonds, on January 1 in the years and amounts shown on the inside front cover. The Series 2024 Bonds will be issued as fully registered bonds and will be subject to the provisions of the book-entry-only system described below. Individual purchases of the Series 2024 Bonds by the beneficial owners will be made in denominations of \$5,000 or whole multiples thereof.

### **Book-entry-only**

The Series 2024 Bonds will be issued as fully registered bonds in book-entry-only form without physical delivery of bonds to the beneficial owners of the Series 2024 Bonds. The Trustee will make payments of principal of and interest on the Series 2024 Bonds to DTC, which will in turn remit such payments to DTC participants for subsequent distribution to the beneficial owners of the Series 2024 Bonds. See Appendix C hereto for more information regarding DTC and the book-entry-only system.

### **Redemption Provisions**

#### ***Optional Redemption***

The Series 2024 Bonds maturing on or after January 1, 2035, are subject to redemption prior to their respective maturities, at the option of the Authority, from any moneys that may be available for such purposes, either in whole or in part on any date on or after January 1, 2034, at 100% of the principal amount of Series 2024 Bonds to be redeemed, plus accrued interest to the redemption date.



### ***General Redemption Provisions***

At least 30 days, but not more than 60 days, prior to a redemption date for Series 2024 Bonds, whether such redemption be in whole or in part, the Bond Registrar will cause a notice of redemption to be mailed first-class, postage prepaid, to all Owners of Series 2024 Bonds to be redeemed in whole or in part; provided, however, that notices to DTC will be sent by registered or certified mail or by other electronic means as may be required by the operation procedures of DTC. Failure to mail any such notice to any Owner or any defect in such notice will not affect the validity of any proceedings for such redemption as to any other Owner to whom such notice is properly given.

The Series 2024 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2024 Bonds are called for redemption, the maturities or portions of maturities of Series 2024 Bonds to be so redeemed shall be as determined by the Authority. If less than all of the Series 2024 Bonds of any one maturity are to be called for redemption, and the Series 2024 Bonds are not held in book-entry-only form, the Bond Registrar shall effect the redemption of the Series 2024 Bonds of such maturity on a pro-rata basis among registered owners, subject to \$5,000 minimum denomination requirements, using such method as the Trustee shall deem fair and appropriate. If the Series 2024 Bonds are held in book-entry only form, and less than all of the Series 2024 Bonds of any one maturity are to be called for redemption, the particular Series 2024 Bonds or portions thereof to be redeemed shall be selected in accordance with the procedures of the Securities Depository.

Upon giving notice and depositing funds or securities with the Trustee or the Bond Registrar as provided in the Trust Agreement, the Series 2024 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date, and interest on such Series 2024 Bonds or portions thereof shall cease to accrue from and after such date.

Any notice of optional redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Series 2024 Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Series 2024 Bonds shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Series 2024 Bonds are not received by the Trustee or Bond Registrar on or prior to the redemption date, the redemption will not be made and the Bond Registrar will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

### **PLAN OF REFUNDING**

Pursuant to the Original Trust Agreement and the Third Supplemental Trust Agreement, the proceeds of the Series 2024 Bonds will be applied to (a) refund the outstanding Series 2010A Bonds (the "Refunded Bonds"), and (b) pay certain costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds. The Authority intends to call the Refunded Bonds pursuant to the extraordinary optional redemption provisions of the Original Trust Agreement.

The Refunded Bonds are being redeemed under provisions of the Original Trust Agreement that permit optional redemption upon the occurrence of an "Extraordinary Event." Under the Original Trust Agreement, an Extraordinary Event will have occurred if "a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Reinvestment and Recovery Act of 2009 (the "Recovery Act"), pertaining to 'Build America Bonds' as described within the Recovery Act) pursuant to which the Authority's 35% Interest Subsidy Payment from the United States Treasury is reduced or eliminated." The Authority has determined that sequestration, as implemented

pursuant to the Budget Control Act of 2011, constitutes an "Extraordinary Event" under the Original Trust Agreement and has therefore called the Refunded Bonds for redemption.

The Refunded Bonds will be redeemed on April 8, 2024 (the "Redemption Date"), at a redemption price (the "Redemption Price") equal to the greater of (i) 100% of the principal amount of the Refunded Bonds or (ii) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of such Refunded Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such Refunded Bonds are to be redeemed, discounted to the date on which such Refunded Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as defined in the Original Trust Agreement) plus 100 basis points, plus, in each case, accrued interest on the Refunded Bonds to be redeemed to the Redemption Date.

For additional information and a further description of the extraordinary redemption provisions, see the Official Statements for the Series 2010A Bonds located at the following link: <https://emma.msrb.org/EP461848-EP360767-EP757772.pdf>, which document is expressly not incorporated herein by reference.

The Redemption Price for the Refunded Bonds was calculated on April 3, 2024, and the Authority provided notice to the holders of the Refunded Bonds of the final Redemption Price following calculation thereof on April 3, 2024.

Upon the issuance of the Series 2024 Bonds, proceeds thereof will be transferred to the Trustee and deposited into the Redemption Account of the Debt Service Fund established under the Trust Agreement in an amount sufficient, together with other funds on deposit in the Debt Service Fund, to pay the Redemption Price on the Refunded Bonds on the Redemption Date.

Pursuant to the Trust Agreement, the Authority has provided the Trustee with irrevocable instructions to redeem the Refunded Bonds on the Redemption Date, and the holders of the Refunded Bonds who fail to surrender their Refunded Bonds for redemption will cease to be secured by Revenues and instead will be secured by the amounts on deposit in the Redemption Account.

#### **ESTIMATED SOURCES AND USES OF SERIES 2024 BOND PROCEEDS**

##### Sources of Funds

Principal Amount of Series 2024 Bonds	\$182,810,000.00
Original Issue Premium	24,586,084.40
Debt Service Fund	3,004,219.93
Reserve Fund - Series 2010A	4,026,564.87
Total Sources of Funds	<u>\$214,426,869.20</u>

##### Uses of Funds

Refunding of Refunded Bonds	\$213,409,574.33
Costs of Issuance <sup>1</sup>	1,017,294.87
Total Uses of Funds	<u>\$214,426,869.20</u>

<sup>1</sup> Includes underwriters' discount, initial fees and expenses of the Trustee, rating agencies, legal, accounting and other fees and expenses of issuance.

## **THE MONROE EXPRESSWAY SYSTEM**

The "Monroe Expressway System," previously referred to as the Monroe Connector System, extends for approximately 19.8 miles from U.S. 74 at Interstate 485 in Mecklenburg County, North Carolina near the Town of Matthews, to U.S. 74 between the Towns of Wingate and Marshville in Union County, North Carolina (of which approximately 18 miles are tolled). With the Monroe Expressway System in place, travelers have a limited access, four-lane facility from U.S. 74 at I-485 to U.S. 74 near Marshville, North Carolina, providing an alternate and time saving route for travelers who are currently taking U.S. 74 through the City of Monroe and several other communities. Construction of the Monroe Expressway System began in May 2015, and opened to toll traffic in November 2018.

The map set forth on page (iv) hereof shows the route of the Monroe Expressway System and the surrounding area.

The Monroe Expressway System follows a generally northwest-southeast orientation parallel to U.S. 74. The availability of this road significantly improves travel between Union County, which, according to the North Carolina State Demographer in the Office of Management and Budget, is one of the fastest growing counties in North Carolina, and Mecklenburg County and the City of Charlotte, which is the economic hub of the region.

The Monroe Expressway System has six full and two partial interchanges, including the entry point at a partial interchange with existing U.S. 74 approximately 1.5 miles southeast of Interstate 485 in Stallings; the interchange at Indian Trail-Fairview Road (SR 1520) in Hemby Bridge; the interchange with Unionville-Indian Trail Road (SR 1367) in Indian Trail; the interchange with North Rocky River Road (SR 1514) in Indian Trail; the interchange with U.S. Highway 601 in Unionville; the interchange with N.C. Highway 200 (also known as Morgan Mill Road) in Monroe; the interchange with Austin Chaney Road (SR 1758) in Wingate; and the entry point from U.S. 74 between Marshville and Wingate. Approximately one mile of existing U.S. 74 from Interstate 485 up to the partial interchange consists of an elevated freeway with compressed interchanges and adjacent service roads, this portion is not tolled. Mainline tolling begins just past the entry point onto the Monroe Expressway System.

The Monroe Expressway System utilizes an all-electronic, non-stop tolling system where vehicles are detected while traveling at highway speeds. All drivers are welcome to use the Monroe Expressway System. Customers may pay their tolls by means of a pre-paid transponder based account. Customers using the Monroe Expressway System that do not have a transponder will be detected at the toll zones and an image of their license plate will be captured. Tolling zones are located between each interchange across the Monroe Expressway System to ensure that all users pay a toll regardless of their entry and exit locations. Motorists using the Monroe Expressway System from "end to end" pass through seven mainline tolling zones without having to stop to pay tolls.

**The Appropriation Bonds are not secured by the tolls or other revenues of the Monroe Expressway System.**

## SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS

### General

The Series 2024 Bonds will be special obligations of the Authority, secured by and payable from the Revenues and, under certain circumstances, the proceeds of the Series 2024 Bonds. Except as described below, the Series 2024 Bonds are secured on parity with outstanding Series 2021 Bonds (together, the "Existing Appropriation Bonds" and together with any future Additional Bonds, the "Appropriation Bonds").

The Trust Agreement provides that the "Revenues" will primarily consist of (a) the State Appropriated Revenues (as further described below); and (b) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund, the Debt Service Fund or the Reserve Fund, if any. The Revenues are pledged to the payment of the Appropriation Bonds to the extent and in the manner provided by the Trust Agreement. The Revenue Bond Act provides that the funds so pledged and then held or thereafter received by the Authority shall immediately be subject to the lien of the pledge without any physical delivery thereof or further act, and the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority, without regard to whether such parties have notice thereof.

**The principal of and interest on the Appropriation Bonds shall not be payable from the general funds of the Authority or any funds of NCDOT and the Appropriation Bonds shall not constitute a legal or equitable pledge, charge, lien, or encumbrance upon any of the Authority's property or upon any of its income, receipts, or revenues, including any toll revenue from the Monroe Expressway System, except the funds which are pledged under the Authority Documents. Neither the credit nor the taxing power of the State or any instrumentality thereof are pledged for the payment of the principal or interest of the Appropriation Bonds, and no Owner of Appropriation Bonds has the right to compel the exercise of the taxing power by the State or any instrumentality thereof or the forfeiture of any of its property other than Revenues and other funds pledged under the Trust Agreement in connection with any default thereon. Acceleration is not a remedy available to the Owners of the Series 2024 Bonds upon default. The Authority has no taxing power.**

### State Appropriated Revenues

The General Assembly of North Carolina has enacted legislation, now in Chapter 136, Article 14, Section 136-176 of the North Carolina General Statutes (the "HTF Act"), that creates a continuing annual appropriation of \$24,000,000 designated for the Monroe Expressway System. Amounts so appropriated may be used by the Authority to pay debt service or related financing costs and expenses on revenue bonds or notes issued by the Authority to finance the costs of the Monroe Expressway System or to fund debt service reserves, operating reserves, and similar reserves in connection therewith. The annual appropriation for the Monroe Expressway System is defined in the Trust Agreement and herein as the "State Appropriated Revenues." The HTF Act provides that the appropriation is to be made to the Authority as a transfer from the North Carolina Highway Trust Fund. **THE HIGHWAY TRUST FUND IS NOT PLEDGED AS SECURITY FOR THE SERIES 2024 BONDS.** The General Assembly enacted Session Law 2023-134 on October 3, 2023, which makes appropriations to NCDOT for each fiscal year during the fiscal biennium ending June 30, 2025, including the State Appropriated Revenues.

See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2024 BONDS – Highway Trust Fund."

**The HTF Act states that it is the intention of the General Assembly that the enactment of the annual appropriation and the issuance of bonds or notes by the Authority in reliance thereon shall not in any manner constitute a pledge of the faith and credit and taxing power of the State, and nothing contained therein shall prohibit the General Assembly from amending the appropriations to decrease or eliminate the amount annually appropriated to the Authority.** Thus, the legislation creating the State Appropriated Revenues may be amended or repealed by the General Assembly of North Carolina in any future budget year. To the extent the appropriation legislation is not so repealed or amended, however, the amounts received by the Authority pursuant to the appropriation are pledged to secure the obligations of the Authority under the Trust Agreement.

The Trust Agreement provides that immediately upon receipt of State Appropriated Revenues, the Authority shall transfer the amount received to the Trustee and the Trustee is directed to transfer such amounts as follows, and in the following order of priority:

- (a) to the Interest Account of the Debt Service Fund created under the Trust Agreement an amount that, together with the amounts then on deposit in the Interest Account, will be equal to the amount of interest payable on the Appropriation Bonds, on the next Interest Payment Date, or the entire amount of the Revenues if less than the amount so required;
- (b) to the Principal Account and the Sinking Fund Account of the Debt Service Fund created under the Trust Agreement an amount that, together with the amounts then on deposit in the Principal Account or the Sinking Fund Account, will be equal to the amount of principal payable on the Appropriation Bonds within the 12-month period ending on the next January 1, or the entire amount of the Revenues if less than the amount so required;
- (c) to the Reserve Fund to the extent of any deficiencies therein; and
- (d) the balance, following the transfers described in (a), (b) and (c), shall be transferred from the Revenue Fund under the Trust Agreement to the General Revenue Bond Trust Agreement Revenue Fund. Any amounts so transferred are transferred free and clear of the lien on and pledge of the Revenues created under the Trust Agreement.

## **Highway Trust Fund**

### ***General***

The State has an approximately 80,000-mile highway system, including roadways, rights-of-way, structures, signs, markings, traffic signals and ferry operations. The Highway Trust Fund ("HTF") was created by the General Assembly in 1989 to provide a dedicated funding mechanism for meeting the State's highway construction needs. The HTF is separate from the Highway Fund which accounts for most of the activities of NCDOT, including the maintenance and some construction of the State's primary and secondary road systems. In addition, the Highway Fund supports areas such as the North Carolina Ferry System, the Division of Motor Vehicles, public transportation, and railroad operations. As described below, the cash management of the two funds is coordinated pursuant to legislative directives.

Pursuant to Session Law 2019-15, the North Carolina General Assembly created the Disaster Relief Cash Flow Loan Fund (the "Relief Fund") to be held by NCDOT. The purpose of the Relief Fund is to help NCDOT meet its cash flow needs resulting from expenditures related to disaster relief. Funds received from the federal government for disaster relief will be deposited to the Relief Fund. Moneys therein may only be used for the stated purpose but current legislation provides such fund will terminate no later than June 30, 2021. Upon such termination, NCDOT shall transfer any remaining balance in the Relief Fund to the

Highway Fund and close the Relief Fund. Once deposited in the Highway Fund, such funds will then be available to repay loans from the HTF to the Highway Fund. See "Withdrawals from the HTF – Cash Management of the HTF and the Highway Fund" below.

Pursuant to Session Law 2019-251, the North Carolina General Assembly created another fund to be held by NCDOT – the Transportation Emergency Reserve (the "Emergency Reserve"). The General Assembly directed that \$125,000,000 be transferred from the Highway Fund to the Emergency Reserve no later than July 30 of each fiscal year. Notwithstanding the foregoing, total funds in the Emergency Reserve shall not exceed \$125,000,000. If a transfer would cause the Emergency Reserve to exceed \$125,000,000, the amount transferred shall be the difference between \$125,000,000 and the amount of funds in the Emergency Reserve. In addition, the Office of State Controller was directed to make a one-time transfer of \$64,000,000 from the unreserved balance in the State's General Fund to the Emergency Reserve. NCDOT may use funds in the Emergency Reserve only after the President of the United States issues a declaration under the Stafford Act that a major disaster exists in the State. Session Law 2020-3 directed NCDOT not to transfer additional funds to the Emergency Reserve for the fiscal year ended June 30, 2021. For the fiscal year ended June 30, 2023, the balance in the Emergency Reserve was approximately \$125 million.

The State has previously issued its \$300,000,000 State of North Carolina Limited Obligation (Build NC) Bonds, Series 2019A (the "2019 Build NC Bonds"), \$700,000,000 State of North Carolina Limited Obligation (Build NC) Bonds, Series 2020 (the "2020 Build NC Bonds") and \$300,000,000 State of North Carolina Limited Obligation (Build NC) Bonds, Series 2022A (the "2022 Build NC Bonds" and, together with the 2020 Build NC Bonds and the 2022 Build NC Bonds, the "Build NC Bonds"). The Build NC Bonds are repayable from appropriations by the North Carolina General Assembly from the Highway Trust Fund, and were issued under the State Capital Facilities Finance Act, Article 9 of Chapter 142 of the North Carolina General Statutes, as amended by Session Law 2018-16 (collectively, the "Build NC Bond Act"). The Build NC Bond Act authorizes the issuance of up to \$3 billion in bonds for regional impact and division needs projects contained in the State Transportation Improvement Program ("STIP") through December 31, 2028. Bonds can be issued under the Build NC Bond Act only if certain requirements set forth in such act are met.

The Build NC Bond Act limits the amount of bonds that may be issued to \$300,000,000 per year, and the authorization to issue expires December 31, 2028. However, in Session Law 2020-91, the North Carolina General Assembly provided that for the 2020-2021 fiscal year, the Department of the State Treasurer shall authorize the issuance and sale of bonds issued under the Build NC Bond Act in the principal amount of \$700,000,000, with the proviso that all proceeds of such Build NC Bonds be spent on transportation projects that were in the process of design or construction as of June 1, 2020. The State issued the 2020 Build NC Bonds, as authorized by Session Law 2020-91. For additional information regarding the 2020 Build NC Bonds, see the official statement filed with the Electronic Municipal Market Access ("EMMA") System with respect to the 2020 Build NC Bonds at <https://emma.msrb.org/P11435637-P11113523-P11523446.pdf>, and related continuing disclosure filed at such site. For additional information regarding the 2022 Build NC Bonds, see the official statement filed with EMMA with respect to the 2022 Build NC Bonds at <https://emma.msrb.org/P11598660-P11233348-P11655908.pdf>, and related continuing disclosure filed at such site. Such documents and information are expressly not incorporated by reference.

**The Authority makes no representation (i) that the General Assembly will maintain the HTF or (ii) that the General Assembly will not repeal or materially modify any legislation affecting the HTF.**

### ***HTF Sources of Revenue***

The HTF Act specifies as revenue sources: (1) motor fuel, alternative fuel and road tax revenue ("Motor Fuels Tax"), (2) motor vehicle use tax ("Highway Use Tax"), (3) non-tax revenue from certificate of title fee and other fees payable to the DMV and (4) interest and income earned by the HTF. On July 11, 2022, the Governor signed into law Session Law 2022-74, which added statutorily specified percentages of the net proceeds of the State's sales and use taxes as an additional revenue source for the HTF. See "HTF Sources of Revenue – State Sales Tax" below.

**Motor Fuels Tax.** This tax is 40.4¢ per gallon for the period January 1, 2024 through December 31, 2024. By State law, the motor fuels tax rate is computed using the amount of the preceding calendar year's tax rate multiplied by a percentage that is plus or minus the sum of the annual percentage change in State population for the applicable calendar year, multiplied by 75% and the annual energy index percentage change in the Consumer Price Index for All Urban Consumers (CPI-E), multiplied by 25%. Refunds or exemptions are granted to the federal government, State and local governments and selected non-profit organizations. An amount equal to collections from 0.5¢ per gallon is transferred to funds created to pay the cost of certain environmental cleanup programs.

Prior to July 1, 2020, twenty-nine percent (29%) of the Motor Fuels Tax collected was deposited in the HTF with the balance distributed to the Highway Fund. This amount represented approximately 38% of all State revenue deposited to the HTF as shown in the State's fiscal 2018-19 financial statements. Pursuant to Session Law 2020-91, the allocation between the HTF and the Highway Fund shifted in fiscal years ended June 30, 2021, 2022 and 2023 (and in each fiscal year thereafter), as follows:

<b>Fiscal Year</b>	<b>HTF</b>	<b>Highway Fund</b>
2021	19%	81%
2022	20%	80%
2023 (and thereafter)	25%	75%

In fiscal year ended June 30, 2023, the proceeds of the Motor Fuels Tax deposited in the HTF represented approximately 31% of all State revenue deposited to the HTF as shown in the State's fiscal year 2022-23 audited financial statements.

**Highway Use Tax.** North Carolina collects a highway use tax on vehicles of 3%, which is levied on the retail value of motor vehicles when purchased or leased when titled in the State instead of a state sales tax. The tax is assessed each time a title is transferred. These collections are all deposited in the HTF. Vehicles titled in the State may be exempt from the Highway Use Tax under certain circumstances such as an insurance company obtaining a salvage title for a vehicle on which a total loss claim was paid, a title being transferred to a manufacturer or retailer for reselling a vehicle and a vehicle being transferred by a will or intestacy. Highway Use Tax receipts amounted to approximately 58% of all State revenue deposited to the HTF as shown in the State's fiscal year 2022-23 audited financial statements.

**State Sales Tax.** On July 11, 2022, the Governor signed into law Session Law 2022-74, which requires the Secretary of Revenue to transfer to the HTF on a quarterly basis, beginning in the fiscal year ending June 30, 2024 and in each fiscal year thereafter, certain statutorily specified percentages of the net proceeds of State sales and use taxes that the State levies at the general rate of tax (4.75%) set out in North Carolina General Statute Section 105-164.4(a). The Secretary must transfer to the HTF (i) in the fiscal year ending June 30, 2024, 3% of such net proceeds and (ii) in the fiscal year ending June 20, 2025 and in each fiscal year thereafter, 4.5% of such net proceeds. The first transfer of these proceeds occurred in October 2023.



Non-Tax Revenue. The General Assembly sets various fees that the DMV collects primarily from licensed drivers and vehicle registrations. Approximately 15% of such amounts are deposited in the HTF. These receipts amounted to approximately 8% of all State revenue deposited to the HTF as shown in the State's fiscal year 2022-23 audited financial statements.

The following table shows the amount of tax revenue and non-tax revenue received in the HTF in fiscal year 2017-18 through fiscal year 2022-23 and for the seven-month period ended January 31, 2024:

**Highway Trust Fund  
Tax and Non-Tax Revenue  
(\$ in Thousands)**

	<b>FY 2017-18</b>	<b>FY 2018-19</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>For the Seven- Month Period Ending January 31, 2024 <sup>1</sup></b>
Highway Use Tax	\$798,314	\$838,571	\$837,919	\$993,310	\$1,028,791	\$1,079,994	\$629,397
Motor Fuels Tax	573,949	602,499	561,696	388,716	448,031	596,940	355,616
Sales Tax <sup>2</sup>	-	-	-	-	-	-	162,616
Fees, Licenses and Fines	142,620	142,275	138,710	160,852	152,560	148,210	83,745
Investment Earnings <sup>3</sup>	22,320	10,670	8,030	1,936	2,752	33,312	24,186
Rental and Lease of Property	1,211	772	723	344	418	681	350
Local Funds	897	9,787	12,590	8,963	4,421	10,434	1,526
Interest Earnings on Loans	315	419	538	359	69	228	550
Contributions, Gifts and Grants	96	134	-	5,470	2,387	1,346	4,961
Miscellaneous	2,214	749	321	1,179	756	2,024	1,337
<b>Total</b>	<b>\$1,541,936</b>	<b>\$1,605,876</b>	<b>\$1,560,527</b>	<b>\$1,560,859</b>	<b>\$1,640,184</b>	<b>\$1,873,169</b>	<b>\$1,264,284</b>

<sup>1</sup> Unaudited numbers for the seven-month period from July 1, 2023 through January 31, 2024.

<sup>2</sup> Transfers of State sales and use taxes began in fiscal year 2024. See "HTF Sources of Revenue – State Sales Tax" above.

<sup>3</sup> Adjusted due to securities lending as described in Note 1 of the ACFR.

**Highway Trust Fund Receipts  
(Unaudited)**

<b>Year</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>
2022	\$148,813,315	\$137,904,206	\$155,314,552	\$167,572,740
2023	\$168,261,048	\$151,502,980	\$168,845,586	\$159,935,628
	<b>October</b>	<b>November</b>	<b>December</b>	
2022	\$150,350,281	\$144,115,749	\$144,798,300	
2023	\$238,383,300 <sup>1</sup>	\$148,111,988	\$139,576,961	
	<b>January</b>			
2023	\$153,497,541			
2024	\$242,476,516 <sup>1</sup>			

<sup>1</sup> Receipts for October 2023 and January 2024 include quarterly transfers of State sales tax to the Highway Trust Fund.

**Highway Fund Receipts  
(Unaudited)**

<b>Year</b>	<b>June</b>	<b>July</b>	<b>August</b>	<b>September</b>
2022	\$265,429,168	\$220,133,289	\$229,253,501	\$230,358,814
2023	\$316,231,484	\$235,999,262	\$239,368,719	\$259,177,919
	<b>October</b>	<b>November</b>	<b>December</b>	
2022	\$222,578,451	\$269,515,354	\$232,288,806	
2023	\$266,813,130	\$246,248,789	\$221,966,426	
	<b>January</b>			
2023	\$280,070,473			
2024	\$271,346,697			

***Withdrawals from the HTF***

Funds in the HTF are used for a variety of highway and transportation purposes, including (1) paying debt service on the State's general obligation bonds and Build NC Bonds issued for highway purposes and paying certain debt service or construction costs for the Authority and the North Carolina State Ports Authority; (2) making payments for portions of capital costs of facilities, including providing funding to meet requirements associated with federal loans; (3) making interfund transfers to the General Fund and the Highway Fund of the State for various purposes; and (4) making loans to the Highway Fund for the purposes of cash management (currently expected to be repaid within four years without interest). HTF funds may also be used to pay operating and maintenance costs for certain tolled facilities, if the revenues therefrom are inadequate and Highway Fund moneys are not available.

Debt Service. Funds in the HTF have been used to pay debt service on the State's Build NC Bonds issued for highway purposes. As described in "General" above, the State issued its 2019 Build NC Bonds in the principal amount of \$300,000,000, its 2020 Build NC Bonds in the principal amount of \$700,000,000, and its 2022 Build NC Bonds in the principal amount of \$300,000,000. Funds in the HTF have historically been used to pay debt service on the State's general obligation bonds issued for highway purposes. The last general obligation authorization to fund transportation projects occurred in 1996, and the State's outstanding general obligation bonds issued for transportation projects were fully retired on June 1, 2020.

**Statutory Commitments.** In addition to appropriating the State Appropriated Revenues to the Authority for the Monroe Expressway System, the General Assembly has also enacted an annual transfer to the Authority of \$25,000,000 to be used to pay debt service or related financing costs and expenses on revenue bonds or notes issued for the Triangle Expressway System. Nothing contained in the General Statutes prohibits the General Assembly from amending the above appropriations at any time to increase, decrease or eliminate the amount annually appropriated to the Authority.

The General Assembly also has committed to an annual transfer from the HTF to the North Carolina State Ports Authority (the "Ports Authority") in the amount of \$45 million for the purpose of (i) paying debt service or related financing costs and expenses on revenue bonds or notes issued by the Ports Authority and (ii) financing capital projects. This annual transfer began in State fiscal year ended June 30, 2018, and the General Assembly has committed to an annual transfer through and including State fiscal year ending June 30, 2025. To date, the funds from this transfer have been spent on capital projects.

**Debt Service and Statutory Commitments Paid from the Highway Trust Fund  
(\$ in Thousands)**

<b>State Fiscal Year Ended June 30</b>	<b>Total HTF Revenue</b>	<b>Debt Service Paid <sup>1</sup></b>	<b>Coverage Ratio <sup>2</sup></b>	<b>Annual Statutory Commitments <sup>3</sup></b>	<b>Coverage Ratio <sup>4</sup></b>
2013	\$1,127,881	\$81,481	13.84	\$49,000	8.64
2014	1,180,460	73,092	16.15	49,000	9.67
2015	1,246,102	59,615	20.90	49,000	11.47
2016	1,435,659	48,620	29.53	49,000	14.71
2017	1,504,272	61,012	24.66	49,000	13.67
2018	1,541,936	52,161	29.56	94,000	10.55
2019	1,605,876	50,036	32.09	94,000	11.15
2020	1,560,527	87,952	17.74	94,000	8.58
2021	1,560,859	69,257	22.54	94,000	9.56
2022	1,640,184	93,042	17.63	94,000	8.77
2023	1,873,169	121,443	15.42	94,000	8.69

Source: NCDOT

<sup>1</sup> Includes debt service on general obligation issues for all fiscal years through 2020 and debt service on (i) the 2019 Build NC Bonds for the fiscal year ended June 30, 2020, and each fiscal year thereafter, (ii) the 2020 Build NC Bonds for the fiscal year ended June 30, 2021 and each fiscal year thereafter, and (iii) the 2022 Build NC Bonds for the fiscal year ended June 30, 2023, and each fiscal year thereafter.

<sup>2</sup> Total HTF Revenue/Debt Service Paid.

<sup>3</sup> Includes annual statutory commitments to the Authority in the fiscal years ended June 30, 2013-2023. For the fiscal years ended June 30, 2018-2023, it also includes \$45 million to the State Ports Authority.

<sup>4</sup> Total HTF Revenue/Debt Service and Annual Statutory Commitments Paid.

**Debt Service Payments Remaining <sup>1</sup>  
to be Paid from the Highway Trust Fund  
(\$ in Thousands)**

<b>State Fiscal Year Ending June 30</b>	<b>Debt Service on Other Obligations</b>
2024	\$121,440
2025	121,437
2026	121,440
2027	121,436
2028	121,436
2029	121,435
2030	121,443
2031	121,438
2032	121,442
2033	121,440
2034	121,440
2035	93,260
2036	28,393
2037	28,392

<sup>1</sup> Debt service on the 2019 Build NC Bonds, 2020 Build NC Bonds, and 2022 Build NC Bonds.

Operating, Maintenance and Other Expense Contingent Obligations. Operating and maintenance costs of the Authority are also eligible administrative expenses of the HTF if toll revenues and Highway Fund moneys are not available. Any funds allocated to the Authority for such uses are to be repaid by the Authority from its toll revenue as soon as possible, subject to any restrictions included in the agreements entered into by the Authority in connection with the issuance of the Authority's revenue bonds. After the Authority begins collecting tolls on a completed turnpike project, interest accrues on any unpaid balance owed to the HTF at a rate equal to the State Treasurer's average annual yield on its investment of HTF funds pursuant to North Carolina General Statutes Section 147-69.1. No such support for completed Authority projects has been necessary beyond planned minor amounts in initial operating periods.

On the I-77 Express Lane Project (a public-private partnership type project north of Charlotte), NCDOT has committed up to \$75 million of contingent support in the form of the Developer Ratio Adjustment Mechanism ("DRAM") with a \$12 million annual cap. Any required payments would come from the HTF. The DRAM is intended to provide limited credit enhancement support for the Project during times of inconsistent or weaker than expected cash flows from toll revenues. The DRAM can be triggered when the projected annual net revenue after payment of operating expenses is forecasted to be insufficient to pay the schedule debt service payments (senior debt service and debt service on a loan from the United States Department of Transportation (the "I-77 TIFIA Loan")). The DRAM will be available until the earlier of (1) final maturity of the I-77 TIFIA Loan (currently scheduled for 2053 but subject to earlier payment in certain events) or (2) refinancing. To date, the DRAM has never been triggered.

Capital Payments to the Authority. Capital costs of Authority projects can also be paid by NCDOT from the HTF. This can occur in four different ways – (1) payments for a project in the amount of a specified percentage of a federal loan for the project (colloquially known as a "State match"), (2) direct payments for a Authority project as a last component of full funding, if necessary, (3) payments pursuant to construction cost guaranty agreements, and (4) advances to the Authority for early project costs (usually land acquisition). Amounts described in (1) and (2) are not subject to repayment by the Authority. Amounts described in (3) are subject to repayment after the Authority begins collecting tolls on the project with interest

on any unpaid balance owed to the HTF at a rate equal to the State Treasurer's average annual yield on its investment of HTF funds pursuant to North Carolina General Statutes Section 147-69.1. No payments under construction cost guaranty agreements relating to Authority projects have been required. Amounts described in (4) are also subject to repayment with interest after project completion but it is expected they will be repaid at the time the Authority completes financing of the project. The only Authority project in progress but not completed is the extension of the Triangle Expressway System (known as Complete 540). A State match has been made and construction cost guaranty agreements have been executed by NCDOT with respect to that project.

**Transfers.** Transfers are primarily used to (1) transfer revenues and bond proceeds from the fund required by State statute or budget to collect the revenue to the fund required by State statute or budget to expend them, (2) provide unrestricted revenues collected in the General Fund to finance operating and capital programs accounted for in other funds in accordance with budgetary authorizations, and (3) reflect reversions of State funds from other funds to the General Fund in accordance with Office of State Budget and Management or legislative requirements. Transfers are not loans and no interest is due thereon.

The following table shows transfers, including interfund transfers, in and out of the HTF over the past six fiscal years:

<b>Transfers In and Out of the Highway Trust Fund</b> <b>(\$ in Thousands)</b>						
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b><u>Transfers In</u></b>						
General Fund <sup>2</sup>	-	-	\$626	-	-	-
Highway Fund	-	-	-	-	-	\$109,835
Turnpike Authority <sup>1, 2</sup>	-	-	95,832	-	-	-
<b><u>Transfers Out</u></b>						
General Fund <sup>2</sup>	\$433	\$402	\$391	\$220	\$272	\$360
Highway Fund <sup>2</sup>	28,717	31,032	31,799	32,742	34,205	35,239
Ports Authority <sup>3</sup>	45,000	45,000	45,000	45,000	45,000	45,000
Turnpike Authority <sup>3</sup>	49,000	49,000	49,000	49,000	49,000	49,000
Turnpike Authority <sup>4</sup>	1,779	18,808	122,713	922	3,903	42,316
<b>Total Transfers Out</b>	<b>\$124,929</b>	<b>\$144,242</b>	<b>\$248,903</b>	<b>\$127,884</b>	<b>\$132,380</b>	<b>\$171,915</b>

Source: NCDOT

<sup>1</sup> Repayment of amounts spent on the Authority's Monroe Expressway System from GARVEE Bond proceeds when use of proceeds changed to other projects.

<sup>2</sup> Interfund transfers.

<sup>3</sup> Annual Statutory Commitments.

<sup>4</sup> Other funds transferred to the Authority, which includes administrative expenditures and project participation.

### ***Cash Management of the HTF and the Highway Fund.***

**Target Range.** The North Carolina General Assembly has passed laws designed to encourage NCDOT to use cash balances to accelerate transportation projects. Section 143C-6-11(k)(1) of the North Carolina General Statutes requires NCDOT to utilize cash flow financing to the extent possible to fund transportation projects with the goal of reducing the combined average daily cash balance of the Highway Fund and the HTF to an amount equal to between fifteen and twenty percent (15-20%) of the total appropriations for the current fiscal year from those funds. Any federal funds are not considered as cash for purposes of this goal. In 2019, the North Carolina General Assembly amended Section 143C-6-11 to require

that no later than the 15<sup>th</sup> day of the month, if the combined average daily cash balance is outside of this target goal, NCDOT shall report to the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division on the reasons why the cash balance is outside the target range, the actions to be taken by NCDOT to bring the cash balance into the target range and the estimated amount of time it will take for the cash balance to return to the target range. In addition, pursuant to Session Law 2014-100, in any month in which NCDOT's total cash balance on hand from the HTF and the Highway Fund exceeds \$1 billion, NCDOT must report its cash balance to the BOT and certain legislative entities no later than the 15th day of the following month.

In addition to a targeted ceiling, Section 143C-6-11(f) requires NCDOT to maintain an available cash balance in the HTF and Highway Fund at the end of each month equal to at least seven and one-half percent (7.5%) of the total appropriation for the current fiscal year from the Highway Fund and HTF (such 7.5% being \$358 million as of June 30, 2023 and \$387 million as of January 31, 2024). In the event the cash position is not maintained, no further transportation project commitments may be entered into until the cash balance has been regained. NCDOT may, however, modify or supplement transportation contract commitments for existing transportation projects that (1) result in a savings from the total estimated project cost of the existing commitment, based on cost-savings analysis or (2) relate to the needs of an existing transportation project for it to continue. Any federal funds are not considered as cash for purposes of this requirement. The balance in the Highway Fund and HTF was below the statutory minimum as of the end of July, August, and September 2020 but has been above the statutory minimum since the end of October 2020. As of January 31, 2024 the cash balance of the Highway Fund and HTF was \$2.2 billion.

As part of legislation adopted in 2019 (Session Law 2019-251), the North Carolina General Assembly established a requirement that NCDOT publish for public review a weekly report of NCDOT's cash position, which is called "Cash Watch Numbers." NCDOT is required to issue a press release and post the report to NCDOT's website. As part of the report, NCDOT includes the cash balances of each of the HTF and Highway Fund. The requirements for the cash watch week report were revised by Session Law 2020-91 and Session Law 2021-180, but NCDOT must continue to report unreserved cash balances in each of the Highway Fund and HTF.

Loans Between Highway Fund and HTF. In order to allow NCDOT to minimize the amount of working capital needed to fund transportation projects and prevent excessive cash balances, the statutes provide for short-term loans between the Highway Fund and the HTF. Such loans are separate from transfers – see Note 10 of the State's Annual Comprehensive Financial Report, which can be found at <https://www.osc.nc.gov/>. As outlined in the Cash Balance Table below, certain loans between the Highway Fund and the HTF have occurred in prior fiscal years. NCDOT, in conjunction with the Department of State Treasurer, the Office of State Budget and Management, and the Office of State Controller, entered into a Memorandum of Agreement effective October 2, 2020 to establish specific criteria and clear procedures around the short-term loans to and from the Highway Fund and the HTF, superseding procedures previously agreed to on August 1, 2019 between NCDOT and the Department of State Treasurer. As of December 31, 2022, all such loans were repaid, and no subsequent short-term loans have been made. The Cash Balance Table below depicts cash balances in the Highway Fund and HTF, including outstanding loans, from June 2014 through January 2024.

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**Cash Balance Table <sup>1</sup>**  
**(\$ in Thousands)**

<b>Month End / Calendar Year End</b>	<b>Highway Fund</b>	<b>Highway Trust Fund</b>	<b>Total <sup>2</sup></b>	<b>HTF Loans to HF (Outstanding Amount)</b>
June 2014	\$400,388	\$837,169	\$1,237,557	-
June 2015	373,063	1,121,310	1,494,374	-
June 2016	359,649	1,432,521	1,792,170	-
June 2017	420,658	1,746,773	2,167,432	-
March 2018	157,103	1,711,767	1,868,870	-
April 2018	103,093	1,630,588	1,733,682	\$60,000
May 2018	106,794	1,488,527	1,595,321	165,000
June 2018	99,797	1,360,957	1,460,754	275,000
July 2018	98,968	1,254,248	1,353,216	355,000
August 2018	100,766	1,039,225	1,139,991	540,000
September 2018	103,415	918,400	1,021,816	640,000
October 2018	96,945	714,186	811,132	810,000
November 2018	125,753	458,684	584,437	1,010,000
December 2018	95,472	309,174	404,646	1,110,000
January 2019	94,309	383,087	477,397	1,110,300
February 2019	96,840	375,061	471,901	1,110,300
March 2019	137,746	319,166	456,912	1,110,300
April 2019	114,955	285,521	400,476	1,140,300
May 2019	250,897	277,548	528,445	1,140,300
June 2019	255,774	260,352	516,116	1,140,300
July 2019	167,352	330,619	497,971	1,140,300
August 2019	192,573	280,457	473,030	1,140,300
September 2019	272,620	254,436	527,056	1,140,300
October 2019	202,402	268,713	471,115	1,140,300
November 2019	156,543	269,794	426,337	1,140,300
December 2019	244,412	308,480	552,892	1,140,300
January 2020	194,005	289,521	483,526	1,140,300
February 2020	201,438	251,450	452,888	1,140,300
March 2020	272,408	167,867	440,275	1,140,300
April 2020	255,351	108,048	363,399	1,090,300
May 2020	191,572	170,144	361,716	990,300
June 2020	206,363	148,423	354,786	990,300
July 2020	262,520	260,553	523,073	990,300
August 2020	316,880	250,465	567,345	990,300
September 2020	319,874	293,496	613,370	940,300
October 2020	388,837	311,849	700,686	920,300
November 2020	528,605	487,168	1,015,773	920,300
December 2020	592,843	477,794	1,070,637	920,300
January 2021	700,521	563,940	1,264,461	890,300
February 2021	747,017	601,329	1,348,346	860,300
March 2021	849,139	673,578	1,522,718	815,300
April 2021	1,185,293	646,845	1,832,138	785,300
May 2021	1,217,970	710,302	1,928,272	690,300
June 2021	1,155,141	811,834	1,966,975	600,300
July 2021	1,014,934	951,024	1,965,958	500,300



<b>Month End / Calendar Year End</b>	<b>Highway Fund</b>	<b>Highway Trust Fund</b>	<b>Total <sup>2</sup></b>	<b>HTF Loans to HF (Outstanding Amount)</b>
August 2021	\$1,030,809	\$958,448	\$1,989,257	\$500,300
September 2021	1,056,047	996,006	2,052,053	480,300
October 2021	1,097,695	1,001,096	2,098,792	480,300
November 2021	1,093,699	1,003,882	2,097,581	440,300
December 2021	979,168	956,038	1,935,206	440,300
January 2022	1,131,236	941,938	2,073,173	420,300
February 2022	1,402,047	938,205	2,340,252	380,300
March 2022	1,460,932	982,159	2,443,091	340,300
April 2022	1,388,320	1,040,249	2,428,568	280,300
May 2022	1,361,382	1,037,473	2,398,855	200,300
June 2022	1,339,464	979,167	2,318,631	150,300
July 2022	1,267,295	996,735	2,264,031	150,300
August 2022	1,362,666	986,613	2,349,279	115,300
September 2022	1,390,046	1,015,729	2,405,775	85,300
October 2022	1,384,811	1,028,310	2,413,121	55,300
November 2022	1,320,922	1,005,502	2,326,424	30,300
December 2022	1,252,728	983,204	2,235,932	-
January 2023	1,343,991	977,934	2,321,925	-
February 2023	1,363,771	972,628	2,336,400	-
March 2023	1,405,266	939,189	2,344,455	-
April 2023	1,574,195	928,190	2,502,385	-
May 2023	1,576,637	855,413	2,432,050	-
June 2023	1,499,376	863,574	2,362,951	-
July 2023	1,423,035	888,564	2,311,599	-
August 2023	1,415,338	853,426	2,268,764	-
September 2023	1,333,933	811,812	2,145,745	-
October 2023	1,309,303	835,400	2,144,703	-
November 2023	1,238,586	761,031	1,999,617	-
December 2023	1,331,364	653,239	1,984,603	-
January 2024	1,432,895	745,830	2,178,725	-

Source: NCDOT

<sup>1</sup> This is a cash basis table and accordingly the balances shown herein are different from the balances shown below in the tables under "Summary Financial Information" which are on an accrual basis.

<sup>2</sup> Totals may differ due to rounding.

## **NCDOT Financial Reviews**

### ***McKinsey & Company***

In May 2019 the Office of State Budget and Management initiated a third-party diagnostic review of NCDOT's fiscal and project management systems and processes. Consulting firm McKinsey & Company conducted such review, which was completed in July 2019.

The key findings of the report included the following:

- (1) Revenue streams for infrastructure construction are at risk as gas prices remain low and drivers have become less dependent on gas-powered vehicles.

(2) The increased frequency of natural disasters in recent years has increased costs in an unpredictable manner and impacted cash reserves.

(3) Construction projects have become more complex. Combined with threats of litigation, projecting costs has become more difficult.

McKinsey's recommendations included the following:

(1) NCDOT should continue to refine its forecasting methodology to reduce budget overruns.

(2) Contracting practices should be improved with less reliance on multi-year contracts to provide greater project and budget flexibility.

(3) Organizational performance metrics and governance should be improved to ensure budget accountability across departmental divisions.

(4) NCDOT should increase its use of data to improve organizational agility and improve its controls for budget accountability.

### ***Office of State Auditor***

In June 2020, the General Assembly passed Session Law 2020-91, which, among other things, directed the Office of State Auditor to conduct an annual performance audit of NCDOT. In the most recent performance audit, which was released in January 2024 (the "2024 Performance Audit"), key findings included that NCDOT did not exceed its developed Spending Plan for State fiscal year ended June 30, 2023 (the "2023 Spending Plan"). NCDOT planned to spend approximately \$7.88 billion and spent \$7.37 billion. NCDOT developed the 2023 Spending Plan based on specific projects and operations. NCDOT formally monitored and enforced each highway division's compliance with the 2023 Spending Plan. A copy of the State Auditor's performance audit can be found at <https://files.nc.gov/nc-auditor/documents/2024-01/PER-2024-4200.pdf?VersionId=33VKlgQwGFJO2dpPtOJkdn33JAidKMu0>. The statutory floor for the State as of January 31, 2024 is \$387 million.

### **Spend Plan and Spending Controls**

Session Law 2020-91 required NCDOT to develop a comprehensive cash-spending plan (the "Spend Plan") to spend money from any source, including federal funds and bond proceeds. It also created a position of Transportation Oversight Manager at the Office of State Budget and Management whose duties include monitoring and assisting NCDOT in developing the NCDOT budget and Spend Plan, monitoring NCDOT's finances and spending, collaborating on assessing risks to NCDOT finances, making revenue and cash projections and ensuring the NCDOT budget is executed consistent with the State Budget Act, Article 1 of Chapter 143C of the North Carolina General Statutes, as amended, and other statutes governing NCDOT finances. The session law requires NCDOT to present the Spend Plan to the BOT, the Transportation Oversight Manager and the State Budget Director for approval. Within 30 days of receipt of the Spend Plan, the BOT, the Transportation Oversight Manager and the State Budget Director must either approve the Spend Plan or report any objections to the Chairs of the House of Representatives and Senate Appropriations Committees on Transportation and the Fiscal Research Division if the General Assembly is in session, or to the Chairs of the Joint Legislative Transportation Oversight Committee and the Fiscal Research Division if the General Assembly is not in session.

Adjustments to the Spend Plan are made as needed. The Office of State Budget and Management and the BOT approved Amendment 1 to the Spend Plan for State fiscal year 2023-24 on December 22,

2023, and January 4, 2024, respectively. Amendment 1 was proposed by the Department to make Spend Plan target adjustments after the passage of Session Law 2023-134, the 2023 Appropriations Act, on October 3, 2023. The current Spending Plan, through the end of calendar year 2024, is available at the following website <https://www.ncdot.gov/about-us/our-mission/Performance/Documents/07%20-%20January%20SFY%202024%20-%2018%20Month%20Spend%20Plan%20Report.pdf>.

NCDOT uses statistical modeling beyond construction. NCDOT, with support from its advisors, has been focused on improving its department-wide forecasting, reporting, and monitoring capabilities. For many of its programs NCDOT has transitioned to an automated forecasting tool known as SAS, a statistical software suite developed by the SAS Institute. In January 2022, NCDOT adopted a revised forecast developed by the SAS Institute known as the Project Expenditure Forecast (PEF) Model, which forecasts expenditures for certain construction and maintenance programs at the lowest level of the project. The PEF Model allows NCDOT to better analyze variances between actual and forecasted expenditures, and there continue to be ongoing efforts to continue to improve the Model.

NCDOT continues to examine the mechanisms it has in place to ensure that spending stays within the Spend Plan and budgeted levels. Beginning in August 2020, NCDOT's cash dashboard is updated daily. The Secretary and Chief Financial Officer, among others, receive a daily email reporting cash balances and accounts payable. NCDOT frequently reviews its expenditure levels versus approved spend plans, and the results are presented to the NCDOT BOT monthly. NCDOT has also filled seven regional accountant positions (and established a business manager position to oversee the accountants) in response to Session Law 2020-91, which required the Department to establish a uniform financial management personnel structure within all Highway Division offices. The regional accountants are primarily responsible for the following: (1) monitoring budgets, Spend Plans, variances, outstanding commitments, quarterly allocations, and financial reports to actively engage with the highway divisions and the Chief Engineer's Office to identify risk and mitigate issues monthly and (2) delivering bi-weekly dashboard updates to highway division staff, the Chief Engineer, and the Director of Highway Operations, to be discussed at the monthly staff meeting of the highway divisions.

Among other things, Session Law 2020-91 also required the Office of the State Auditor to conduct a performance audit of NCDOT each year. The performance audit shall include an examination of the following: (1) budget adherence by department, division and highway division; (2) timeliness of federal reimbursement requests and timeliness of NCDOT's responses to any federal requests for additional information or action; (3) NCDOT controls and oversight of divisions and highway divisions as to cash management, project coordination and delivery and budget adherence; (4) efficacy of communication and coordination within NCDOT; (5) efficacy of cash management by NCDOT; and (6) other items the State Auditor deems relevant to study, including implementation of the provisions of Session Law 2020-91. See "NCDOT Financial Reviews – Office of State Auditor" above.

## **NC First Commission**

The NC First Commission was created in March 2019. This 14-member commission was tasked with evaluating the State's current and future transportation investment needs and advising the Secretary of new or better ways to ensure that critical financial resources are available in the future. Among other things, the commission studied the feasibility of charging mileage-based user fees. The NC First Commission issued its final report in January 2021. The General Assembly enacted one of the NC First Commission's recommendations in Session Law 2021-180, transferring revenues generated from short-term vehicle rentals, vehicle subscription services, and car sharing from the General Fund to the Highway Fund. Revenues from such sources were \$98.4 million in State fiscal year 2021- 2022 and \$106.5 million in State fiscal year 2022-2023.

## Summary Financial Information

A summary, prepared by NCDOT, excluding federal and departmental receipts and expenditures, of the actual revenues and expenditures for the 2021-22 and 2022-2023 fiscal years and the authorized budget amounts for the 2023-24 fiscal year is presented below:

### Highway Trust Fund (\$ in Millions)

	Actual 2021-22	Actual 2022-23	Authorized 2023-24
<b>Beginning Balance, July 1</b>	\$1,838.2	\$1,627.2	\$1,075.1
Revenue	1,640.1	1,873.2	2,358.0
Interfund Transfer <sup>1</sup>	(34.2)	(35.2)	-
Interfund Transfer (NC Turnpike Authority GAP Funds) <sup>2</sup>	(49.0)	(49.0)	(49.0)
Interfund Transfer (NC Turnpike Authority Project Participation)	(0.4)	(42.3)	-
<b>Total Available Funds</b>	<b>3,394.7</b>	<b>3,373.9</b>	<b>3,384.1</b>
Expenditures and Obligations			
Current Operations	1,767.5	2,298.8	2,309.0
<b>Ending Fund Balance, June 30</b>	<b>\$1,627.2</b>	<b>\$1,075.1</b>	<b>\$1,075.1</b>

Source: North Carolina Office of State Budget and Management (OSBM).

<sup>1</sup> Includes transfers to the General Fund and the Highway Fund.

<sup>2</sup> The General Assembly has committed to an annual transfer to the Authority from the HTF in the amount of \$49 million. \$24,000,000 is to be used for the Monroe Expressway System (referred to herein as the State Appropriated Revenues), and \$25,000,000 of which is to be used with respect to the Triangle Expressway System.

### Highway Fund (\$ in Millions)

	Actual 2021-22	Actual 2022-23	Authorized 2023-24
<b>Beginning Balance, July 1</b>	\$692.8	\$1,248.4	\$1,197.0
Revenue	2,963.0	3,222.8	2,966.6
GARVEE Bond Proceeds	306.1	-	-
Interfund Transfer <sup>1</sup>	368.9	339.8	-
<b>Total Available Funds</b>	<b>4,330.8</b>	<b>4,811.0</b>	<b>4,163.6</b>
Expenditures and Obligations			
Current Operations and Capital Improvements	2,753.6	3,182.0	2,966.6
GARVEE Bond Expenditures	281.0	243.8	-
Interfund Transfer (General Fund)	47.8	188.2	-
<b>Total Expenditures and Obligations</b>	<b>3,082.4</b>	<b>3,614.0</b>	<b>2,966.6</b>
<b>Ending Fund Balance, June 30</b>	<b>\$1,248.4</b>	<b>\$1,197.0</b>	<b>\$1,197.0</b>

Source: North Carolina Office of State Budget and Management (OSBM).

<sup>1</sup> Includes transfers to the HTF and other small funds.

## **Litigation**

The Transportation Corridor Official Map Act (Map Act) was enacted in 1987 to provide the NCDOT with the authority to record corridor maps that imposed restrictions on a landowner's rights to improve, develop, and subdivide property within the corridor, which restrictions may remain indefinitely. The Map Act did not require NCDOT to purchase the property at the time of the filing of a future corridor map. Starting in 1989, NCDOT filed 27 separate maps that affected approximately 8,500 parcels of land. In June of 2016, the North Carolina Supreme Court ruled that the filing of a transportation corridor map pursuant to the Map Act resulted in a taking of the property owners' rights to improve, develop and subdivide their property. Under State law, whether a property owner should be paid for the property, and how much, are determined on a case-by-case basis. NCDOT completed 15 road projects involving approximately 3,500 of these parcels more than two years ago, which should bar any claims for damages due to the statute of limitations. Of the 5,000 parcels that remained vulnerable to an inverse condemnation claim due to Map Act restrictions, NCDOT has acquired approximately 96% of these parcels through either direct acquisition of the property or settlement of inverse condemnation lawsuits at a total cost of approximately \$1.3 billion. 19 pending claims remain. NCDOT currently estimates that it will cost approximately \$55 million to resolve these claims. Due to a recent ruling by the North Carolina Court of Appeals, the Department is currently evaluating the potential for a new wave of Map Act claims tied to remnant property from parcels that were previously acquired through direct condemnation. It is difficult to assess the likelihood of these claims being brought or the potential exposure faced by the Department. The acquisition of additional parcels through the normal right of way process and the settlement of any additional claims that may be filed are not accounted for within that estimate. To date, Map Act acquisitions have been paid from the HTF.

Other than as described herein, in the opinion of NCDOT, none of the legal proceedings, individually or in the aggregate, currently pending, or to the knowledge of NCDOT threatened against NCDOT, will result in a material adverse effect on the financial condition of the HTF.

## **Additional Bonds**

The Trust Agreement provides that the Authority may issue additional bonds under the Trust Agreement (the "Additional Bonds"), which bonds will be payable from the Revenues on a parity with the Existing Appropriation Bonds, (a) for the purpose of refunding any Appropriation Bonds or any such refunding bonds and paying costs incurred in connection therewith, or (b) for purposes of paying additional costs of the Monroe Expressway System. Additional Bonds may only be issued upon compliance with certain conditions including the delivery to the Trustee of a certificate of the chief financial officer of the Authority to the effect that during the term of the outstanding Appropriation Bonds and any Additional Bonds to be incurred, the amount of expected State Appropriated Revenue is expected to be at least 100% of the net debt service on all outstanding Appropriation Bonds and Additional Bonds.

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## Annual Debt Service Requirements

The following table shows the debt service total for the Series 2021 Bonds and the Series 2024 Bonds. All of such obligations are payable from the State Appropriated Revenues.

Fiscal Year Ending June 30 <sup>1</sup>	Series 2024 Bonds Principal	Interest	Series 2021 Bonds Debt Service	Series 2010A Bonds <sup>2</sup>	Total <sup>3</sup>
2024	-	-	\$6,081,500	\$12,775,208	\$18,856,708
2025	\$6,590,000	\$6,677,643	6,085,250	-	19,352,893
2026	7,480,000	8,811,000	6,082,500	-	22,373,500
2027	7,845,000	8,437,000	6,088,250	-	22,370,250
2028	8,235,000	8,044,750	6,086,750	-	22,366,500
2029	8,640,000	7,633,000	6,088,000	-	22,361,000
2030	9,070,000	7,201,000	6,086,500	-	22,357,500
2031	9,520,000	6,747,500	6,082,000	-	22,349,500
2032	9,995,000	6,271,500	6,089,250	-	22,355,750
2033	10,490,000	5,771,750	6,082,250	-	22,344,000
2034	11,010,000	5,247,250	6,086,250	-	22,343,500
2035	11,555,000	4,696,750	6,080,250	-	22,332,000
2036	12,125,000	4,119,000	6,084,250	-	22,328,250
2037	12,725,000	3,512,750	6,087,250	-	22,325,000
2038	13,355,000	2,876,500	6,083,750	-	22,315,250
2039	14,020,000	2,208,750	6,083,500	-	22,312,250
2040	14,715,000	1,507,750	6,085,750	-	22,308,500
2041	15,440,000	772,000	6,084,750	-	22,296,750
<b>TOTAL</b>	<b>\$182,810,000</b>	<b>\$90,535,893</b>	<b>\$109,528,000</b>	<b>\$12,775,208</b>	<b>\$395,649,101</b>

<sup>1</sup> Debt service amounts for each Fiscal Year reflect payments due on the following July 1.

<sup>2</sup> Excludes the Refunded Bonds. Net of Interest Subsidy Payments received.

<sup>3</sup> Any State Appropriated Revenues remaining after payment of debt service on the Appropriation Bonds, and any additional bonds issued under the Trust Agreement from time to time, are transferred to the General Revenue Bond Trust Agreement Revenue Fund.

## RISK FACTORS

### Nature of the State's Payment Obligation to the Authority

North Carolina General Statutes Section 136-176 provides for a continuing annual appropriation of \$24,000,000 from the HTF to the Authority to pay debt service or related financing costs and expenses on revenue bonds or notes issued for the construction of the Monroe Expressway System. Such transferred funds are the "Revenues" from which debt service on the Series 2024 Bonds must be paid under the Trust Agreement. The North Carolina General Assembly has the right to amend the statute to reduce or eliminate the appropriation. The State's obligation to make such transfer to the Authority is not a general obligation of the State, and the taxing power of the State is not pledged directly or indirectly to secure any Bonds issued by the Authority under the Trust Agreement.

On September 22, 2023, the General Assembly ratified House Bill 259 ("HB259"), which provides a budget for the State for the 2023-2024 and 2024-2025 biennium (the "Budget"). The Governor failed to approve HB259 within the time prescribed by North Carolina law and, as a result, HB259 became law as Session Law 2023-134 on October 3, 2023. The statutory deadline to pass the Budget for the State's fiscal years ending June 30, 2024 and June 30, 2025 was June 30, 2023. The General Assembly did not enact the

Budget prior to such deadline and such deadline has not been satisfied in certain previous fiscal years. If the General Assembly fails to pass a budget by the deadline imposed by statute, State law directs the State Budget Director to allocate resources from all funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of those funds in the recurring certified budget for the prior fiscal year. If the State Budget Director finds that projected revenues for the fiscal year will not support expenditures at the level of recurring expenditures for the prior fiscal year, the State Budget Director must allot funds at a lower level. However, in making these allocations, State law requires that the State Budget Director ensure the prompt payment of the principal and interest on bonds and notes of the State according to their terms.

### **Limitation and Enforceability of Remedies**

The remedies available to Owners of the Series 2024 Bonds upon an Event of Default under the Trust Agreement are limited to the seeking of specific performance or a writ of mandamus or other suit, action or proceeding compelling and requiring the Authority and its officers to observe and perform any covenant, condition or obligation prescribed in the Agreement. ACCELERATION IS NOT A REMEDY AVAILABLE TO OWNERS OF THE SERIES 2024 BONDS. See Appendix A – "Trust Agreement – Default Provisions – Remedies."

If at any time the money in the Interest Account, the Principal Account and the Sinking Fund Account of the Debt Service Fund or money in the Reserve Fund is not sufficient to pay the interest on or the principal of the Appropriation Bonds, and any additional bonds issued under the Trust Agreement from time to time, as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes whether through the exercise of the remedies provided for in the Trust Agreement or otherwise, will be applied first, to the payment to the persons entitled thereto of all installments of interest on Appropriation Bonds then due and payable in the order in which such installments became due and payable and, second: to the payment to the persons entitled thereto of the unpaid principal of any Appropriation Bonds that will have become due and payable in the order of their due dates.

The remedies available under the Trust Agreement are in many respects dependent upon regulatory and judicial actions that are often subject to discretion and delay. Under existing law, such remedies may not be readily available. In addition, enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State, (iii) are subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the federal Constitution. The various legal opinions to be delivered concurrently with the delivery of the Series 2024 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2024 Bonds is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

### **Economy of the State**

The availability of revenues in the HTF is dependent on a number of economic factors. The revenues deposited to the HTF may fluctuate based on, among other things, the condition of the State and national economies, population growth, income and employment levels, levels of tourism, fuel prices, vehicle fuel efficiency, road conditions and the availability of other modes of transportation. In addition, from time to time since creation of the HTF, the General Assembly made significant transfers from the HTF

to the General Fund. Effective fiscal year 2013-2014, significant transfers were eliminated. A downturn in the economy could result in the General Assembly again making significant transfers from the HTF to the General Fund. There can be no assurance that downturns in any of the numerous factors affecting these revenues will not significantly affect the availability of revenues in the HTF to make payments on the Series 2024 Bonds.

### **CONTINUING DISCLOSURE**

In the Third Supplemental Trust Agreement, the Authority will undertake, for the benefit of the beneficial owners of the Series 2024 Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each Fiscal Year, beginning with the Fiscal Year ending June 30, 2024, audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with Section 159-34 of the General Statutes of North Carolina, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the State, commencing with the fiscal year ending June 30, 2024, financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the tables in this Official Statement under the section "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS – Highway Trust Fund" listed below, to the extent such items are not included in the financial statements referred to in (a) above:

- (i) "Highway Trust Fund Tax and Non-Tax Revenue"
- (ii) "Debt Service and Statutory Commitments Paid from the Highway Trust Fund"
- (iii) "Debt Service Payments Remaining to be Paid from the Highway Trust Fund"
- (iv) "Transfers In and Out of the Highway Trust Fund"
- (v) "Cash Balance Table"
- (vi) "Highway Trust Fund"
- (vii) "Highway Fund"

(c) in a timely manner not in excess of ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2024 Bonds:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (iv) substitution of any credit or liquidity providers, or their failure to perform;



(v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issues (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;

(vi) defeasances;

(vii) rating changes;

(viii) tender offers;

(ix) bankruptcy, insolvency, receivership or similar proceeding by the Authority; and

(x) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Authority, any of which reflect financial difficulties;

(d) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2024 Bonds, if material:

(i) non-payment related defaults;

(ii) modification to the rights of the beneficial owners of the Series 2024 Bonds;

(iii) bond calls, other than bond calls relating to mandatory sinking fund redemption;

(iv) release, substitution or sale of any property securing repayment of the Series 2024 Bonds;

(v) mergers, consolidations, acquisition and sales of assets (other than in the ordinary course of business);

(vi) appointment of a successor or additional trustee or a change in the name of the trustee;

(vii) legislation shall be filed with the North Carolina General Assembly by the Governor of North Carolina or legislation is reported out of a committee in either body of the General Assembly which, if adopted in the form so filed or reported, would result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and

(viii) an administrative action is taken by the Governor of North Carolina, NCDOT or any other agency or authority of the State which will result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and

(ix) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material; and

(e) within ten Business Days following the occurrence of a failure, notice of a failure of the Authority to provide required annual financial information described in (a) or (b) above on or before the date specified.

For purposes of (c)(x) and (d)(ix) above, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 (as defined below).

At present, Section 159-34 of the General Statutes of North Carolina requires the Authority's financial statements to be prepared in accordance with generally accepted accounting principles and to be audited in accordance with generally accepted auditing standards.

The Third Supplemental Trust Agreement will also provide that if the Authority fails to comply with the undertaking described above, the Trustee or any beneficial owner of the Series 2024 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that the Authority's failure to comply with the undertaking will not constitute an Event of Default under the Trust Agreement. All actions shall be instituted, had and maintained for the benefit of all beneficial owners of the Series 2024 Bonds.

Pursuant to the Third Supplemental Trust Agreement, the Authority will reserve the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934, as it may be amended from time to time ("Rule 15c2-12") as of the date of this Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the beneficial owners of the Series 2024 Bonds, as determined either by the Trustee or bond counsel, or by the approving vote of the Owners of a majority in principal amount of the Series 2024 Bonds then outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time, at the time of the amendment.

Any annual financial information containing modified operating data or financial information is required to explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The undertaking described above will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2024 Bonds.

During the previous five years, the Authority has not failed to comply, in all material respects, with its other undertakings relating to continuing disclosure of information pursuant to Rule 15c2-12 except as described in the following sentences.

The Authority has procedures in place to ensure timely filings pursuant to Rule 15c2-12, and has engaged Digital Assurance Certification, LLC ("DAC") to assist it in its continuing disclosure filings.

## **LITIGATION**

No litigation is now pending or, to the best of the Authority's knowledge, threatened against or affecting the Authority seeking to restrain or enjoin the authorization, execution or delivery of the Series 2024 Bonds or the Third Supplemental Trust Agreement or contesting the validity or the authority or proceedings for the authorization, execution or delivery of the Series 2024 Bonds or the Authority's creation, organization or corporate existence, or the title of any of the Authority's present officers to their respective offices, or the Authority's authority to carry out its obligations thereunder.

## **CERTAIN RELATIONSHIPS**

McGuireWoods LLP is serving as Bond Counsel and Disclosure Counsel in connection with the issuance of the Series 2024 Bonds. McGuireWoods LLP also represents the Trustee and the Underwriters and their affiliates in unrelated matters. McGuireWoods LLP serves as underwriter's counsel on other bond issues of the Authority. Hunton Andrews Kurth LLP is serving as counsel to the Underwriters in connection with the issuance of the Series 2024 Bonds, and also represents the Trustee and the Underwriters and their affiliates in unrelated matters. In addition, Hunton Andrews Kurth LLP provides bond counsel services on other bond issues of the Authority.

## **LEGAL MATTERS**

Legal matters related to the authorization, execution, sale and delivery of the Series 2024 Bonds are subject to the approval of McGuireWoods LLP, in its capacity as Bond Counsel. See the form of the Bond Counsel opinion (the "Bond Opinion") attached hereto as Appendix B. The Bond Opinion will be limited to matters relating to authorization and validity of the Series 2024 Bonds and to the tax status of interest thereon, as described in the section "TAX MATTERS." In McGuireWoods LLP's role as Bond Counsel, it has not been engaged to investigate the financial resources of the Authority or the Authority's ability to provide for payment of the Series 2024 Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Series 2024 Bonds.

Certain legal matters will be passed upon for the Authority by Alan McInnes, Esq., an Assistant Attorney General for the State, for the Authority by McGuireWoods, LLP, in its capacity as Disclosure Counsel, and for the Underwriters by Hunton Andrews Kurth LLP, counsel to the Underwriters.

## **TAX MATTERS**

### **Opinion of Bond Counsel – Federal Income Tax Status of Interest**

Bond Counsel's opinion will state that, under current law, interest on the Series 2024 Bonds (i) is excludable from the gross income of the owners of the Series 2024 Bonds for purposes of federal income taxation under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum tax. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. See "Proposed Form of Opinion of Bond Counsel" in Appendix B.

Bond Counsel's opinion speaks as of its date, is based on current provisions of the Code, and other current legal authority and precedent, and covers certain matters not directly addressed by such authority and precedent, and represents Bond Counsel's judgment as to the proper treatment of interest on the Series

2024 Bonds for federal income tax purposes. Bond Counsel's opinion does not contain or provide any opinion or assurance regarding the future activities of the Authority or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS") or the courts. The Authority has covenanted, however, to comply with the requirements of the Code.

Although Bond Counsel is of the opinion that interest on the Series 2024 Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Series 2024 Bonds may otherwise affect the federal tax liability of an owner of the Series 2024 Bonds. The nature and extent of these other federal tax consequences depend on the owner's particular tax status and levels of other income or deductions. Bond Counsel will express no opinion regarding any such other tax consequences and prospective purchasers of the Series 2024 Bonds should consult their own tax advisors with respect thereto.

### **Reliance and Assumptions; Effect of Certain Changes**

In delivering its opinion regarding the tax treatment of interest on the Series 2024 Bonds, Bond Counsel is relying upon certifications of representatives of the Authority, the underwriters of such Series 2024 Bonds, the financial advisor to the Authority and other persons as to facts material to the opinion, which Bond Counsel has not independently verified.

In addition, Bond Counsel is assuming continuing compliance with the Covenants (as hereinafter defined) by the Authority. The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2024 Bonds in order for interest on the Series 2024 Bonds to be and remain excludable from gross income for purposes of federal income taxation. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2024 Bonds and the use of the property financed by such Series 2024 Bonds, limitations on the source of the payment of and the security for such Bonds and the obligation to rebate certain excess earnings on the gross proceeds of such Series 2024 Bonds to the United States Treasury. The Tax Certificate to be entered into by the Authority (the "Tax Certificate") with respect to the Series 2024 Bonds contains covenants (the "Covenants") under which the Authority has agreed to comply with such requirements. Failure by the Authority to comply with the Covenants could cause interest on the Series 2024 Bonds to become includable in gross income for federal income tax purposes retroactively to their date of issue. If such a failure occurs, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2024 Bonds from becoming includable in gross income for federal income tax purposes.

Bond Counsel has no responsibility to monitor compliance with the Covenants after the date of issue of the Series 2024 Bonds.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificate, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in the Tax Certificate. Bond Counsel expresses no opinion concerning any effect on the excludability of interest on the Series 2024 Bonds from gross income for federal income tax purposes of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than Bond Counsel.

### **Certain Collateral Federal Tax Consequences**

The following is a brief discussion of certain collateral federal income tax matters with respect to the Series 2024 Bonds. It does not purport to address all aspects of federal taxation that may be relevant to

a particular owner thereof. Prospective purchasers of the Series 2024 Bonds, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning or disposing of the Series 2024 Bonds.

Prospective purchasers of the Series 2024 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers including, without limitation, banks and other financial institutions, certain insurance companies, dealers in tax-exempt obligations, certain corporations (including S corporations and foreign corporations), certain foreign corporations subject to the "branch profits tax," individual recipients of Social Security or Railroad Retirement benefits, owners of an interest in a financial securitization trust, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers attempting to qualify for the earned income tax credit.

### **Original Issue Discount**

Series 2024 Bonds purchased in the initial public offering with yields higher than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "original issue discount." Each such Series 2024 Bond is referred to below as an "OID Bond." The excess of (i) the stated amount payable at the maturity (excluding qualified stated interest) of any OID Bond over (ii) the issue price of the OID Bond as determined under Section 1273 of the Code (which may differ from the price shown on the inside front cover page of this Official Statement) constitutes the amount of original issue discount, which is treated in the same manner as interest on the Series 2024 Bonds for federal income tax purposes.

The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest. In the case of an original owner of an OID Bond, the amount of original issue discount that is treated as having accrued on such OID Bond is added to the owner's adjusted basis in determining, for federal income tax purposes, gain or loss upon the disposition of the OID Bond (including its sale, redemption or payment at maturity). The amounts received upon such disposition that are attributable to accrued original issue discount will be excludable from the gross income of the owner for federal income tax purposes.

The accrual of original issue discount and its effect on the redemption, sale or other disposition of OID Bonds that are not purchased in the initial public offering may be determined according to rules that differ from those described above.

In addition, original issue discount that accrues in each year to an owner of an OID Bond is included in the calculation of the distribution requirements of certain regulated investment companies and may result in some of the collateral federal income tax consequences discussed in this section. Consequently, the owner of an OID Bonds should be aware that the accrual of original issue discount in each year may result in additional distribution requirements or other collateral federal income tax consequences although such owner has not received cash attributable to such original issue discount in such year.

Prospective purchasers of OID Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the original issue discount accrued upon sale or redemption of such OID Bonds (including OID Bonds not purchased in the initial public offering) and with respect to the state and local tax consequences of owning OID Bonds.

## **Bond Premium**

Series 2024 Bonds purchased in the initial public offering with yields lower than their applicable interest rates, as shown on the inside cover page hereof, have been sold with "bond premium." Each such Series 2024 Bond is referred to below as an "OIP Bond." The excess of (i) the owner's basis in the OIP Bond immediately after acquisition over (ii) the amount payable at maturity (excluding qualified stated interest) as determined under Section 171 of the Code constitutes the amount of the bond premium. Under the Code, the bond premium is amortized based on the owner's yield over the remaining term of the OIP Bond (or, in the case of certain callable OIP Bonds, to an earlier call date that results in a lowest yield on the OIP Bond). The owner of an OIP Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period against the bond premium allocable to that period. No deduction is allowed for such amortization of bond premium even though the owner is required to decrease the adjusted basis in the owner's OIP Bond by the amount of the amortizable bond premium, which will result in an increase in the gain (or decrease in the loss) recognized for federal income tax purposes upon a sale or disposition of the OIP Bond prior to its maturity.

Prospective purchasers of any OIP Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, sale, exchange, or other disposition of, and amortization of bond premium on, such OIP Bonds.

## **Information Reporting and Backup Withholding**

Prospective purchasers should be aware that the interest on the Series 2024 Bonds is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2024 Bonds may be subject to backup withholding if the interest is paid to an owner who or which (i) is not an "exempt recipient" and (ii) (A) fails to furnish an accurate U.S. taxpayer identification number in the manner required, (B) has been notified of a failure to report all interest and dividends required to be shown on federal income tax returns or (C) fails to certify under penalty of perjury that the owner is not subject to withholding. Individuals generally are not exempt recipients, although corporations and other entities generally are.

The reporting and backup withholding requirements do not in and of themselves affect the excludability of interest on the Series 2024 Bonds from gross income for federal income tax purposes, and amounts withheld under the backup withholding rules may be refunded or credited against the owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

## **Internal Revenue Service Audits**

The IRS has established a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2024 Bonds, the IRS will, under its current procedures, treat the Authority as the taxpayer. As such, the beneficial owners of the Series 2024 Bonds will have only limited rights, if any, to participate in the audit or any administrative or judicial review or appeal thereof. Any action of the IRS, including but not limited to the selection of the Series 2024 Bonds for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the marketability or market value of the Series 2024 Bonds.

## **Opinion of Bond Counsel – North Carolina Income Tax Status of Interest**

Bond Counsel's opinion will also state that, under existing law, the interest on the Series 2024 Bonds is exempt from all present State of North Carolina income taxes. Bond Counsel will express no opinion regarding (a) other North Carolina tax consequences arising with respect to the Series 2024 Bonds or (b) any consequences arising with respect to the Series 2024 Bonds under the tax laws of any state or local jurisdiction other than North Carolina. Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding the tax status of interest on the Series 2024 Bonds in a particular state or local jurisdiction other than North Carolina.

## **Changes in Federal and State Tax Law and Regulations**

Legislation affecting tax-exempt obligations is regularly considered by the U.S. Congress and various state legislatures. Such legislation may effect changes in federal or state income tax rates and the application of federal or state income tax laws (including the substitution of another type of tax), or may repeal or reduce the benefit of the excludability of interest on the tax-exempt obligations from gross income for federal or state income tax purposes.

The U.S. Department of the Treasury and the IRS and state regulatory authorities are continuously drafting regulations to interpret and apply the provisions of the Code and state law and court proceedings may be filed the outcome of which could modify the federal or state tax treatment of tax-exempt obligations.

There can be no assurance that legislation proposed or enacted after the date of issue of the Series 2024 Bonds, regulatory interpretation of the Code or state laws or actions by a court involving either the Series 2024 Bonds or other tax-exempt obligations will not have an adverse effect on the Series 2024 Bonds' federal or state tax status, marketability or market price or on the economic value of the tax-exempt status of the interest on the Series 2024 Bonds.

Prospective purchasers of the Series 2024 Bonds should consult their own tax advisors regarding the potential consequences of any such proposed or pending federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGALITY FOR INVESTMENT**

Section 159-140 of the General Statutes of North Carolina provides that the Series 2024 Bonds are securities in which all public officers and public bodies of the State and its political subdivisions and agencies and all insurance companies, trust companies, investment companies, banks, savings banks, building and loan associations, savings and loan associations, credit unions, pension or retirement funds, other financial institutions engaged in business in the State, executors, administrators, trustees and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them, and the Series 2024 Bonds are securities which may properly and legally be deposited with and received by any State or municipal officer or any agency or political subdivision of the State for any purpose for which the deposit of bonds, notes or obligations of the State is now or may hereafter be authorized by law.

## **RATINGS**

Fitch Ratings ("Fitch") has given the Series 2024 Bonds the rating of "AA+" (stable outlook). Moody's Investors Service ("Moody's") has given the Series 2024 Bonds the rating of "Aa1" (stable outlook).

Further explanation of the significance of such ratings may be obtained from Fitch and Moody's. The Authority has provided to Fitch and Moody's, as applicable, certain information not included in this Official Statement. The ratings are not a recommendation to buy, sell or hold the Series 2024 Bonds and should be evaluated independently. The ratings reflect only the view of the particular rating agency, and neither the Authority nor the LGC makes any representation as to the appropriateness of the ratings. There is no assurance that such ratings will not be withdrawn or revised downward by Fitch or Moody's. Such action may have an adverse effect on the market price of the Series 2024 Bonds. Neither the Authority, the LGC nor the Underwriters have undertaken any responsibility after the issuance of the Series 2024 Bonds to assure maintenance of the ratings or to oppose any such revision or withdrawal.

## **UNDERWRITING**

The Underwriters have entered into a bond purchase agreement to purchase all of the Series 2024 Bonds, if any of the Series 2024 Bonds are to be purchased (the "Bond Purchase Agreement"), at a purchase price equal to 100% of the principal amount thereof, plus original issue premium of \$24,586,084.40, and less an underwriters' discount of \$487,015.66. The obligation of the Underwriters to pay for the Series 2024 Bonds is subject to certain terms and conditions set forth in the Bond Purchase Agreement.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for the Authority, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities, which may include credit default swaps) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Authority.

The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Underwriters may offer and sell the Series 2024 Bonds to certain dealers (including dealers depositing the Series 2024 Bonds into investment trusts) and others at prices lower than the initial public offering prices stated on the inside cover page hereof. The public offering prices may be changed from time to time by the Underwriters.

BofA Securities, Inc., an underwriter of the Series 2024 Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute



such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the Series 2024 Bonds.

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Series 2024 Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Series 2024 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2024 Bonds that such firm sells.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.

Wells Fargo Bank, National Association, acting through its Municipal Finance Group ("WFBNA"), an underwriter of the Series 2024 Bonds, has entered into an agreement (the "WFA Distribution Agreement") with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name "Wells Fargo Advisors") ("WFA"), for the distribution of certain municipal securities offerings, including the Series 2024 Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting or remarketing agent compensation, as applicable, with respect to the Series 2024 Bonds with WFA. WFBNA has also entered into an agreement (the "WFSLLC Distribution Agreement") with its affiliate Wells Fargo Securities, LLC ("WFSLLC"), for the distribution of municipal securities offerings, including the Series 2024 Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC's expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.

TD Securities (USA) LLC ("TD Securities"), one of the Underwriters of the Series 2024 Bonds, has entered into negotiated dealer agreements (the "TD Dealer Agreements") with both TD Ameritrade, Inc. and InvestorLink Capital Markets LLC ("ICM"). These TD Dealer Agreements allow both ICM and TD Ameritrade, Inc.'s affiliate, Charles Schwab & Co., Inc. ("CS&Co.") to be dealers for the retail distribution of certain securities offerings, including securities such as the Series 2024 Bonds at the original issue prices. Pursuant to the Agreements, ICM and CS&Co. may purchase the Series 2024 Bonds from TD Securities at the original issue prices less a negotiated portion of the selling concession applicable to any of the Series 2024 Bonds ICM or CS&Co. sells.

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## MISCELLANEOUS

Members of the LGC staff have participated in the preparation of this Official Statement and other documents related to the issuance of the Series 2024 Bonds, but the LGC and its staff assume no responsibility for the accuracy or completeness of any representation or statement in this Official Statement.

The LGC and the Authority have each duly authorized the execution and delivery of this Official Statement.

### NORTH CAROLINA LOCAL GOVERNMENT COMMISSION

By: /s/ Jennifer Wimmer   
Deputy Secretary

### NORTH CAROLINA TURNPIKE AUTHORITY

By: /s/ Joseph R. Hopkins, P.E.  
Chairman

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Deputy Secretary

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By: /s/ Joseph R. Hopkins, P.E.

Chairman

## **APPENDIX A**

### **FORMS OF ORIGINAL TRUST AGREEMENT AND THE THIRD SUPPLEMENTAL TRUST AGREEMENT**

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**TRUST AGREEMENT**

Dated as of October 1, 2010

Between

**NORTH CAROLINA TURNPIKE AUTHORITY**

and

**WELLS FARGO BANK, N.A.**  
Trustee

Authorizing and Securing

**Monroe Connector System**  
**State Appropriation Revenue Bonds**

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## TRUST AGREEMENT

This **TRUST AGREEMENT**, dated as of October 1, 2010, between **North Carolina Turnpike Authority** (the "*Authority*"), created and described in Article 6H of Chapter 136, as amended, of the General Statutes of North Carolina, and transferred to the North Carolina Department of Transportation (the "*Act*"), and **Wells Fargo Bank, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (the "*Trustee*");

### WITNESSETH:

**WHEREAS**, the Authority is a part of the State of North Carolina Department of Transportation (the "*NCDOT*"), duly organized and existing under the laws of the State of North Carolina, including the Act, to issue revenue bonds pursuant to The State and Local Government Revenue Bond Act, Article 5 of Chapters 159 of the North Carolina General Statutes, as amended (the "*Revenue Bond Act*") for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects" (as defined in the Act);

**WHEREAS**, the Authority desires initially to issue revenue bonds pursuant to the Act and this Trust Agreement to finance the costs of the Monroe Connector System turnpike project (the "*Project*");

**WHEREAS**, the American Reinvestment and Recovery Act of 2009 (the "*Recovery Act*") added Sections 54AA and 6431 to the Internal Revenue Code of 1986, as amended (the "*Code*"), which permit state or local governments to obtain certain tax advantages when issuing taxable obligations referred to as "Build America Bonds";

**WHEREAS**, the Recovery Act allows the Authority to make an irrevocable election to have certain of its bonds treated as "Build America Bonds" under a federal program under which a State or local government that intends to issue bonds, the interest on which is eligible for exclusion from the gross income of the owners thereof may elect to issue bonds bearing interest that is not so excluded, and will then receive payments (the "*Interest Subsidy Payments*") directly from the United States Treasury (the "*Treasury Secretary*") in an amount equal to 35% of the corresponding interest payable on the related Build America Bonds;

**WHEREAS**, the Authority has determined that the Recovery Act constitutes an agreement of the United States of America to make the payments provided under the Build America Bond program in consideration of the Authority electing to forego the benefits of tax-exempt interest rates and otherwise complying with the requirements of the Build America Bond program;

**WHEREAS**, pursuant to Section 136-176(b2) of the North Carolina General Statutes, as amended, the North Carolina General Assembly has provided for an annual appropriation to the Authority in the amount of \$24,000,000 to be used to pay debt service or related financing costs and expenses on revenue bonds issued by the Authority to finance the Project or to fund reserves in connection therewith and that such appropriation shall constitute "revenues" of the Authority within the meaning of the Revenue Bond Act;

**WHEREAS**, the Authority has deemed it advisable that the Interest Subsidy Payments on Build America Bonds for the Project additionally constitute "revenues" of the Authority for the Project within the meaning of the Revenue Bond Act;

**WHEREAS**, pursuant to the Act, the Authority is entering into this Trust Agreement for the purpose of authorizing the issuance of Bonds (as hereinafter defined) and securing the payment thereof by pledging and assigning its rights, title and interest in and to the appropriations described above and the Interest Subsidy Payments to the Trustee in the manner and subject to the priorities set forth herein;

**WHEREAS**, under the Constitution and laws of the State of North Carolina, including the Act and the Revenue Bond Act, the Authority is authorized to enter into this Trust Agreement, to issue Bonds as hereinafter provided and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted;

**WHEREAS**, the Authority intends to issue its \$233,920,000 North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the "*Series 2010A Bonds*"), as Build America Bonds, secured by the State appropriation described above, the related Interest Subsidy Payments on Build America Bonds and earnings on funds herein;

**WHEREAS**, the Authority deems it advisable to allow for the issuance of additional bonds secured by the State appropriation ("*Additional Bonds*" and, together with the Series 2010A Bonds, the "*Bonds*"), which Additional Bonds may be issued, in whole or in part, as Build America Bonds;

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of North Carolina, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Trust Agreement have happened, exist and have been performed as so required to make this Trust Agreement a valid and binding trust agreement securing the Bonds in accordance with its terms; and

**WHEREAS**, the Trustee has accepted the trusts created by this Trust Agreement and in evidence thereof has joined in the execution hereof;

**NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH** that in consideration of the premises, of the acceptance by the Trustee of the trusts hereby created, and of the issuance of the Bonds, as provided herein, and also for and in consideration of the sum of One Dollar in hand paid by the Trustee at or before the execution and delivery of this Trust Agreement, and for other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Owners (hereinafter defined) thereof, and to secure the payment of all Bonds at any time issued and Outstanding (hereinafter defined) under this Trust Agreement, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the Authority has executed and delivered this Trust Agreement, and by this Trust Agreement has, subject to the terms hereof, given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set over, and pledged, and does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over, and pledge unto the Trustee, and its successor or successors in trust, the Trust Estate (as defined hereinafter);

**TO HAVE AND TO HOLD** all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successor or successors in trust and to them and their assigns forever;

**IN TRUST, NEVERTHELESS**, upon the terms and trusts herein set forth, for the benefit, security and protection of all and singular the present and future Owners of the Bonds issued or to be

issued under and secured by this Trust Agreement, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided for herein, of any Bonds, by reason of priority in their issue, sale, delivery date or otherwise, all as herein provided;

**PROVIDED, HOWEVER,** that if the Authority, its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment, pursuant to the provisions of this Trust Agreement, of the principal of all Bonds and the interest and any redemption premium due or to become due thereon, at the times and in the manner mentioned in this Trust Agreement, according to the true intent and meaning hereof and thereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof and perform all of its other obligations hereunder, then, upon such performance and payments, this Trust Agreement and the rights hereby granted shall cease, determine and become void, as provided in Article XII hereof; otherwise this Trust Agreement to be and remain in full force and effect; and

**THIS TRUST AGREEMENT FURTHER WITNESSETH** and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned, confirmed, set-over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Authority has agreed and covenanted, and does hereby agree and covenant, with the Trustee and with the respective Owners, from time to time, of Bonds, as follows:

## **ARTICLE I**

### **DEFINITIONS; FINDINGS AND DETERMINATIONS**

**SECTION 101. *Meaning of Words and Terms.*** In addition to words and terms elsewhere defined in this Trust Agreement, the following words and terms as used in this Trust Agreement shall have the following meanings, unless some other meaning is plainly intended:

“*Act*” means, collectively, Article 6H of Chapter 136 of the General Statutes of North Carolina, as amended, and Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended.

“*Additional Bonds*” means Bonds issued hereunder pursuant to Section 208 or Section 209.

“*Additional Project*” means any addition, acquisition, improvement, betterment, extension or equipping of or relating to the Initial Project as authorized by the Act, or any previous Additional Project that has become part of the Monroe Connector System.

“*Annual Budget*” means the Authority’s budget for the Monroe Connector System for a Fiscal Year adopted pursuant to the Authority’s bylaws, rules and regulations as in effect from time to time.

“*Authority*” means the North Carolina Turnpike Authority created by the Act and transferred to NCDOT, and any successor thereto.

“*Authority Board*” means the Board of Directors of the Authority.

“*Authority Documents*” means the Bond Order and this Trust Agreement.

“*Authorized Officer*” means the Executive Director, the Chief Financial Officer and any other person authorized by resolution of the Authority Board to perform the duties imposed on an Authorized



Officer by this Trust Agreement whose name and specimen signature is filed pursuant to an Officer's Certificate with the Trustee for such purpose.

*"Bond"* or *"Bonds"* means, collectively, the Series 2010A Bonds and any Additional Bonds.

*"Bond Order"* means the bond order of the Authority with respect to the Series 2010A Bonds adopted on October 6, 2010, pursuant to the Act.

*"Bond Registrar"* means, with respect to any Series of Bonds, the Bond Registrar at the time serving as such under this Trust Agreement, whether the original or a successor Bond Registrar.

*"Bond Year"* means the 12 months ending on each January 1, or if such January 1 is not a Business Day, the next succeeding Business Day.

*"Business Day"* means a day on which the Trustee, the applicable Bond Registrar and the New York Stock Exchange are open for the purpose of conducting their businesses.

*"Build America Bond"* means Bonds with respect to which, pursuant to Sections 54AA and 6431 of the Code, the Authority has made an irrevocable election to bear interest that is subject to federal income taxation of gross income and treat as "Build America Bonds" pursuant to Section 54AA of the Code, and that are eligible to receive the Interest Subsidy Payment directly from the Treasury Secretary in an amount equal to 35% of the corresponding interest payable on the related Build America Bond and for which the Authority has filed the required Internal Revenue Service forms. Initially, the Authority has elected to treat all of the Series 2010A Bonds as Build America Bonds.

*"Chief Financial Officer"* means the person appointed or employed to perform the duties imposed on the Chief Financial Officer of the Authority by this Trust Agreement.

*"Comparable Treasury Issue"* means, with respect to any redemption date for a particular Series 2010A Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the Series 2010A Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2010A Bonds to be redeemed.

*"Comparable Treasury Price"* means, with respect to any redemption date for a particular Series 2010A Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations, the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

*"Completion Date"* means the date of acquisition or completion of the Project, or of any segment of the foregoing, as the case may be, as certified by the Authority pursuant to Section 406.

*"Code"* means the Internal Revenue Code of 1986, as amended.

*"Cost,"* as applied to the Project, means, without intending thereby to limit or restrict any proper definition of such word under the provisions of the Act or this Trust Agreement, all items of cost which are set forth in Section 403.

*"Debt Service Fund"* means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Debt Service Fund by Section 501.

*"Debt Service Requirement"* means, for any period of twelve (12) consecutive calendar months for which such determination is made, the aggregate of the required deposits to be made in respect of Principal and Interest (whether or not separately stated) on Outstanding Bonds during such period, calculated net of Interest Subsidy Payments.

*"Default"* means any Event of Default and any event that, after notice or lapse of time or both, would become an Event of Default.

*"Defaulted Interest"* means Defaulted Interest as defined in Section 202.

*"Defeasance Obligations"* means noncallable (a) Government Obligations and (b) Defeased Municipal Obligations.

*"Defeased Municipal Obligations"* means obligations of state or local government municipal bond issuers which are rated the highest rating category by S&P, Fitch or Moody's, respectively, provision for the payment of the principal of, premium, if any, and interest on which shall have been made by deposit with a trustee or escrow agent of Government Obligations, the maturing principal of and interest on which, when due and payable, shall provide sufficient money to pay the principal of, premium, if any, and interest on such obligations of state or local government municipal bond issuers. References in this definition to state or local government bond issuers shall mean the State of North Carolina and North Carolina local government bond issuers, and, to the extent permitted by law, states other than the State of North Carolina and local government bond issuers other than North Carolina local government bond issuers.

*"Depository"* means the State Treasurer of the State and one or more banks or trust companies or other institutions, including the Trustee, duly authorized by law to engage in the banking business and designated by the Authority as a depository of moneys under this Trust Agreement.

*"Designated Investment Banker"* means one of the Reference Treasury Dealers appointed by the Authority.

*"Eminent Domain"* means the eminent domain or condemnation power by which all or any part of the Monroe Connector System may be taken for another public use or any agreement that is reached in lieu of proceedings to exercise such power.

*"Event of Default"* means each of those events of default set forth in Section 802.

*"Extraordinary Event"* means a material adverse change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds" as described within the Recovery Act) pursuant to which the Authority's 35% Interest Subsidy Payment from the United States Treasury is reduced or eliminated.

*"Fiscal Year"* means the period commencing on the first day of July of any year and ending on the last day of June of the following year.

*"Fitch"* means Fitch Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no

longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

*"General Engineering Consultant"* means any independent engineer or independent firm of engineers prequalified to do work in the State, in accordance with the established guidelines of the NCDOT, who is retained by the Authority to assist the Authority in assessing the status of maintenance and upkeep of the Monroe Connector System, the costs associated therewith and the expected cost of unusual or extraordinary maintenance, repairs, renewals or replacements or capital improvements related to the Monroe Connector System, and advising the Authority regarding the level of reserves that should be maintained to assure that funds will be available when needed for that purpose.

*"General Revenue Bond Trust Agreement"* means the Trust Agreement between the Authority and Wells Fargo Bank, N.A., as trustee, to be dated and executed as of a date subsequent to the date of execution hereof pursuant to which the Authority is issuing Revenue Bonds, for the purpose of paying the costs of the Initial Project not being funded with proceeds of the Series 2010A Bonds or Additional Bonds, or if such instrument shall be defeased by debt issued under a successor instrument, such successor instrument.

*"Government Obligations"* means direct obligations of, or obligations the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America in either certificated or book-entry form, including (a) stripped Government Obligations stripped by the United States Treasury itself and (b) interest only portions of obligations issued by the Resolution Funding Corporation.

*"Initial Project"* means the land, easements, rights of way, capital improvements and equipment which are part of the Monroe Connector System and financed with the proceeds of the Series 2010A Bonds or Additional Bonds or Revenue Bonds issued prior to March 31, 2011, all as described in the "Project Description" section of the Engineering Report of HNTB North Carolina, P.C.

*"Interest Account"* means the account in the Debt Service Fund created and so designated by Section 501.

*"Interest Payment Date"* means any January 1 or July 1, commencing January 1, 2011, and the comparable dates for any Additional Bonds.

*"Interest Subsidy Payment"* means, with respect to any Build America Bond, payments provided directly from the Treasury Secretary in an amount equal to 35% (or a lower percentage if pursuant to a change in law) of the corresponding interest payable on the related Build America Bond.

*"Investment Obligations"* means, to the extent permitted by law, any investment authorized by Section 159-30 of the General Statutes of North Carolina, as such statute may be amended from time to time, or any successor statute.

*"Local Government Commission"* means the Local Government Commission, a division of the Department of the State Treasurer of the State.

*"Maximum Debt Service Requirement"* means the highest Debt Service Requirement for the present and any succeeding Fiscal Year, provided if there is more than one Series of Bonds Outstanding, "Maximum Debt Service Requirement" means the aggregate Debt Service Requirement for the Fiscal Year for all Series in which such aggregate number is the highest while there are any Bonds Outstanding.



*“Monroe Connector System”* means the turnpike project of the Authority known as the “Monroe Connector System” and generally consisting of an approximately 19.7 mile roadway extending from US Highway 74 at Interstate 485 in eastern Mecklenburg County, North Carolina, near the Town of Matthews to US Highway 74 near the Town of Marshville in Union County, North Carolina, as it may hereafter exist.

*“Moody’s”* means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

*“NCDOT”* means the North Carolina Department of Transportation, a department of the State, and any successor to its functions.

*“NCGS”* means the North Carolina General Statutes, as amended, the official codification of the general and public laws of the State.

*“Officer’s Certificate”* means a certificate signed by an Authorized Officer.

*“Other Revenue Bonds”* means bonds of the Authority issued under the Act for an Other Revenue Project which are payable from the toll and other revenues thereof.

*“Other Revenue Bond Trust Agreement”* means a trust agreement between the Authority and a corporate trustee pursuant to which Other Revenue Bonds are issued.

*“Other Revenue Project”* means a “turnpike project” described in NCGS Section 136-89.183 which is also the subject of an appropriation allocation under NCGS Section 136-176(b2), but does not include the Triangle Expressway System or the Monroe Connector System.

*“Outstanding”* when used with reference to Bonds means, as of a particular date, all Bonds theretofore authenticated and delivered under this Trust Agreement, except:

- (a) Bonds theretofore canceled by the Bond Registrar or delivered to the Bond Registrar for cancellation;
- (b) Bonds deemed to be no longer Outstanding pursuant to Article III;
- (c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Trust Agreement; and
- (d) Bonds deemed to have been paid in accordance with Article XII.

*“Owner”* means a Person in whose name a Bond is registered in the registration books provided for in Section 205.

*“Person”* includes corporations, firms, associations, partnerships, joint ventures, joint stock companies, trusts, unincorporated organizations, and public bodies, as well as natural persons.

*“Predecessor Bonds”* of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond; and, for purposes of this definition,

any Bond authenticated and delivered in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

*“Principal Account”* means the account in the Debt Service Fund created and so designated by Section 501.

*“Principal Payment Date”* means any date established hereunder for the payment of principal of Bonds, whether at maturity pursuant to Section 207 or pursuant to Sinking Fund Requirements or otherwise, and the comparable dates for any Additional Bonds.

*“Project”* means the Initial Project and any Additional Project constituting a part of the Monroe Connector System; provided such term is subject to redefinition in accordance with Section 702(b).

*“Project Fund”* means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Project Fund by Section 401; provided the name of such fund may be changed by the Authority if the term “Project” is redefined in accordance with Section 702(b).

*“Recovery Act”* means the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (enacted February 17, 2009).

*“Redemption Account”* means the account in the Debt Service Fund created and so designated by Section 501.

*“Redemption Price”* means, with respect to any Bonds or portion thereof, the principal amount of such Bonds or portion called for redemption plus the applicable premium, if any, payable upon redemption thereof.

*“Reference Treasury Dealer”* means each of the four firms, specified by the Authority from time to time, that are primary United States Government securities dealers in the City of New York (each a *“Primary Treasury Dealer”*); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Authority will substitute another Primary Treasury Dealer.

*“Reference Treasury Dealer Quotations”* means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2010A Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

*“Reserve Fund”* means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Reserve Fund by Section 501.

*“Reserve Fund Requirement”* means the amount, determined from time to time, that is equal to the maximum Interest Subsidy Payment expected to be received in the current or any future fiscal year to the extent such amount does not exceed the least of (i) the Maximum Debt Service Requirement for all Bonds secured by the Reserve Fund, (ii) 125% of the average aggregate annual Debt Service Requirement for all Bonds secured by the Reserve Fund and (iii) 10% of the stated principal amount of all Bonds secured by the Reserve Fund; provided, however, that if any Series of Bonds secured by the Reserve Fund has original issue discount or premium that exceeds 2% of the stated redemption price at maturity plus any original issue premium attributable exclusively to underwriter’s compensation, the initial offering

prices to the public shall be used in lieu of the stated principal amount for purposes of the 10% limitation. The Reserve Fund Requirement may be composed of cash or Investment Obligations, or any combination of the foregoing, as the Authority may determine.

*“Revenue Bonds”* means bonds issued to finance the Monroe Connector System which are secured by a pledge of the toll and related revenues of the Monroe Connector System.

*“Revenue Fund”* means the fund created and designated the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Revenue Fund by Section 501.

*“Revenues”* means:

- (a) the State Appropriated Revenues;
- (b) the Interest Subsidy Payments; and
- (c) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund, the Debt Service Fund or the Reserve Fund.

*“S&P”* means Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc., and its successors and assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

*“Securities Depository”* means the Depository Trust Company, New York, New York, or any other recognized securities depository selected by the Authority, which maintains a book-entry system in respect of a Series of Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

*“Securities Depository Nominee”* means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of participation in its book-entry system.

*“Serial Bonds”* means the Bonds of any Series that are stated to mature in consecutive annual installments.

*“Series”*, whenever used herein with respect to Bonds, means all of the Bonds designated as being of the same series.

*“Series 2010A Bonds”* means the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds), issued pursuant to this Trust Agreement.

*“Sinking Fund Account”* means the account in the Debt Service Fund created and so designated by the provisions of Section 501.

*“Sinking Fund Requirement”* means, with respect to the Term Bonds and for any Bond Year, the principal amount fixed or computed for retirement by purchase or redemption on or prior to January 1 of

such Bond Year. The Sinking Fund Requirements for the Term Bonds shall be initially the respective principal amounts of such Term Bonds for retirement on each January 1 as fixed in Section 301. If during any Bond Year, the total principal amount of Term Bonds retired by purchase or redemption under the provisions of this Trust Agreement shall be greater than the amount of the Sinking Fund Requirement for such Term Bonds, the subsequent Sinking Fund Requirements for such Term Bonds shall be reduced in such amount aggregating the amount of such excess as shall be specified in an Officer's Certificate filed with the Trustee on or prior to November 15 of the next ensuing Bond Year.

*"Special Record Date"* means a date fixed by the Trustee for determining the Owner of Bonds for the payment of Defaulted Interest pursuant to Section 202.

*"State"* means the State of North Carolina.

*"State Appropriated Revenues"* means any funds appropriated by the State pursuant to NCGS 136-176(b2) or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on Bonds issued to finance turnpike projects, including the Monroe Connector System, or to fund debt service reserves, operating reserves or similar reserves, beginning with the appropriation for the fiscal year ending June 30, 2011. The initial State Appropriated Revenues are in the annual amount of \$24,000,000.

*"Supplemental Agreement"* means an order or resolution of the Authority authorizing any particular Series of Bonds, together with a supplemental trust agreement executed and delivered by the Authority in connection with the issuance of such Series of Bonds that is required to be executed and delivered by this Trust Agreement prior to the issuance of any such Series.

*"Term Bonds"* means, with respect to the Series 2010A Bonds, the Series 2010A Bonds maturing January 1, 2031, and January 1, 2041, and means with respect to any Additional Bonds, any Bonds so designated as Term Bonds in the Supplemental Trust Agreement.

*"Treasury Rate"* means, with respect to any redemption date for a particular Series 2010A Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

*"Trust Agreement"* means this Trust Agreement and any supplements and amendments hereto permitted hereby; provided, however, that the Trust Agreement shall not include any Supplemental Agreement executed and delivered by the Authority and the Trustee with respect to a particular Series of Bonds to the extent provided in Section 1105.

*"Trust Estate"* has the meaning set forth in Section 512.

*"Trustee"* means the Trustee serving as such under this Trust Agreement, whether original or successor.

**SECTION 102. *Rules of Construction.*** (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number.

(b) References herein to particular articles or Sections are references to articles or Sections of this Trust Agreement unless some other reference is indicated.



(c) References herein to specific Sections or chapters of the General Statutes of North Carolina or to specific legislative acts are intended to be references to these Sections, chapters or acts as amended and as they may be amended from time to time by the General Assembly of North Carolina, or any successor statute.

(d) Provisions calling for the redemption of Bonds or the calling of Bonds for redemption do not mean or include the payment of Bonds at a stated maturity or maturities.

## ARTICLE II

### DETAILS OF BONDS

**SECTION 201. *Limitation on Issuance of Bonds.*** No Bonds may be issued under this Trust Agreement except in accordance with the provisions of this Article. The principal of, the interest on and the redemption premium, if any, on all Bonds issued under the provisions of this Trust Agreement shall be payable solely from the moneys and assets pledged by this Trust Agreement. All covenants, agreements and provisions of this Trust Agreement shall be for the benefit and security of all present and future Owners of Bonds without preference, priority or distinction as to lien or otherwise of any Bond over any other Bond by reason of priority in the issue, sale or negotiation thereof, or otherwise.

**SECTION 202. *Interest Payments on Bonds.*** Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon an Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (b) authenticated prior to the first Interest Payment Date, in which event it shall bear interest from its date or such later date as is specified in the Supplemental Agreement providing for its issuance; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The principal of and the interest and premium, if any, on the Bonds shall be payable in any coin or currency of the United States of America that is legal tender for the payment of public and private debts on the respective dates of payment thereof. The payment of interest on each Bond shall be made (a) by the Bond Registrar on each Interest Payment Date to the person appearing on the registration books of the Bond Registrar as the registered owner thereof as of the Regular Record Date by check mailed to the registered owner at his address as it appears on such registration books, or (b) by such additional or alternative means as is provided in any Supplemental Agreement providing for the issuance of such Bond. Unless otherwise provided in a Supplement Agreement, payment of the principal of all Bonds shall be made upon the presentation and surrender of such Bonds at the designated corporate trust office of the Bond Registrar as the same become due and payable (whether at maturity, by redemption or otherwise).

Any interest on any Bond of any Series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "*Defaulted Interest*") shall forthwith cease to be payable to the Owner on the relevant Regular Record Date solely by virtue of such Owner having been such Owner; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in subsection (a) or (b) below:

(a) The Authority may elect to make payment of any Defaulted Interest on the Bonds of any Series to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Authority shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Trustee to comply with the next sentence hereof), and at the same time, the

Authority shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subsection provided. Thereupon, the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment and not less than ten (10) days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Authority of such Special Record Date and, in the name and at the expense of the Authority, such expense to be paid solely from Revenues, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Owner at his address as it appears in the registration books maintained under Section 206 not less than ten (10) days prior to such Special Record Date.

(b) The Authority may make payment of any Defaulted Interest on the Bonds of any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Authority to the Trustee of the proposed payment pursuant to this subsection, such method of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

**SECTION 203. *Execution and Form of Bonds.*** The Bonds shall be signed by, or bear the facsimile signatures of, the Chairman, the Vice Chairman, the Executive Director of the Authority or such other officers of the Authority as may be designated by the Authority Board and the official seal of the Authority shall be impressed, or a facsimile thereof imprinted, on the Bonds. In case any officer whose signature or a facsimile of whose signature appears on any Bonds ceases to be such officer before the delivery of such Bonds, such signature or such facsimile nevertheless shall be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and any Bond may bear the facsimile signature of, or may be signed by, such persons as at the actual time of the execution of such Bond are the proper officers to execute such Bond although at the date of such Bond such persons may not have been such officers.

The definitive Bonds are issuable as permitted or required hereby or by the respective Supplemental Agreement providing for the issuance of Bonds of any Series. Bonds may be issued under a book-entry system and held by a Securities Depository. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to the applicable rules and regulations of any governmental authority or any securities exchange on which the Bonds may be listed or to any requirement of law with respect thereto.

**SECTION 204. *Exchange of Bonds.*** Bonds, upon surrender thereof at the designated corporate trust office of the Bond Registrar, together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar, may, at the option of the Owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same Series and maturity, of any denomination or denominations authorized by the Supplemental Agreement pursuant to which such Bonds were issued, bearing interest at the same rate and in the same form as the Bonds surrendered for exchange.

The Authority shall make provision for the exchange of Bonds at the designated corporate trust office of the Bond Registrar.

**SECTION 205. *Transfer and Registration of Transfer of Bonds.*** The Bond Registrar shall keep books for the registration and the registration of transfer of the Series of Bonds as to which it is Bond Registrar as provided in this Trust Agreement. The registration books shall be available at all reasonable times for inspection by the Authority and any Owner of such Bonds and may be copied by either of the foregoing and their agents or representatives.

The Bond Registrar shall evidence acceptance of the duties, responsibilities and obligations of the Bond Registrar under this Trust Agreement by the execution of the certificate of authentication on the related Series of Bonds.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon presentation thereof to the Bond Registrar together with an assignment duly executed by the Owner or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, in such form as shall be satisfactory to the Bond Registrar. No transfer of any Bond shall alter the ownership of such Bond for purposes of this Trust Agreement unless such transfer is registered with the Bond Registrar. Upon any such registration of transfer, the Authority shall, if necessary, execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by the Supplemental Agreement pursuant to which such Bond was issued, in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Authority shall, if necessary, execute and the Bond Registrar shall authenticate and deliver at the earliest practicable time Bonds in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar. No service charge shall be made for any registration, transfer or exchange of Bonds, but the Authority and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds. Neither the Authority nor the Bond Registrar shall be required (a) to issue, transfer or exchange Bonds during a period beginning at the opening of business fifteen (15) days before the day of the mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing or (b) to transfer or exchange any Bond so selected for redemption in whole or in part.

The Authority, the Trustee, the Bond Registrar and any agent of the Authority, the Trustee or the Bond Registrar, may treat the person in whose name any Bond is registered, including, without limitation, any Securities Depository Nominee, as the Owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the Authority, the Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

**SECTION 206. *Authentication of Bonds.*** Only such Bonds as have endorsed thereon a certificate of authentication substantially in the form set forth in Exhibit B hereto, or if such Bond is issued pursuant to a Supplemental Agreement, in the form set forth in the Supplemental Agreement pursuant to which such Bonds are issued, duly executed as provided herein or in the Supplemental Agreement, shall be entitled to any benefit or security under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond has been duly executed and dated, and such certificate upon any such Bond shall be conclusive evidence that

such Bond has been duly authenticated and delivered under this Trust Agreement. The certificate of authentication on any Bond shall be deemed to have been duly executed and dated if signed by an authorized signatory of the Bond Registrar but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds or any Series thereof that may be issued hereunder at anyone time.

**SECTION 207. *Authorization and Issuance of the Series 2010A Bonds.*** (a) For the purpose of providing funds, together with any other available funds, to (1) to pay the costs of land acquisition, design, construction and equipping of the Monroe Connector System, (2) to provide funds to pay a portion of the interest on the Bonds until July 1, 2014, (3) to fund the Reserve Fund for the Bonds and (4) to pay the costs incurred in connection with the issuance of the Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act and this Trust Agreement, a Series of Bonds of the Authority designated "Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds)" in the aggregate principal amount of \$233,920,000.

The Authority has made an irrevocable election to treat all of the Series 2010A Bonds as Build America Bonds. As a result of this election, interest on the Series 2010A Bonds will be includable in gross income of the holders thereof for federal income tax purposes and the Owners of the Series 2010A Bonds will not be entitled to any tax credits as a result of either ownership of the Series 2010A Bonds or receipt of any interest payments on the Series 2010A Bonds. The Authority intends to apply for Interest Subsidy Payments from the Treasury Secretary under the "Build America Program" pursuant to Section 6431 of the Code. Such payments are Revenues hereunder, pledged to the repayment of the Bonds.

The definitive Series 2010A Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof, shall be lettered "R-" and shall be numbered from 1 consecutively upward. The definitive Series 2010A Bonds shall be substantially in the form set forth in Exhibit B attached.

The Series 2010A Bonds shall be dated the date of delivery thereof, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment such interest to the maturity thereof being payable semiannually on each January 1 and July 1, beginning January 1, 2011, and shall be stated to mature on January 1 (subject to the right of prior redemption), as follows:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2022	\$ 8,375,000	4.250%
2023	8,615,000	4.450
2024	8,870,000	4.600
2025	9,145,000	4.750
2031	61,920,000	5.318
2041	136,995,000	5.418

(b) Wells Fargo Bank, N.A. is hereby appointed Bond Registrar for the Bonds. The Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Bonds



of each Series are stated to mature, in the aggregate principal amount of the Bonds of such Series stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("*DTC*"), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and any redemption premium on each Bond and interest with respect thereto shall be payable to Cede & Co. or any other person appearing on the registration books of the Authority as the registered owner of such Bond or its registered assigns or legal representatives. Transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as Securities Depository for the Bonds or (b) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the would adversely affect the interests of the beneficial owners of the Bonds, the Authority will discontinue the book-entry system with DTC. If the Authority identifies another qualified Securities Depository to replace DTC, the Authority will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Bonds, and the references to DTC or Cede & Co. in this Supplemental Agreement shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Authority fails to identify another qualified Securities Depository to replace DTC, the Authority will deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Bonds as required by DTC and others.

The Series 2010A Bonds shall be executed substantially in the form set forth in Exhibit B hereto and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication and delivery to the State Treasurer for redelivery to the purchasers thereof, but only upon the deposit with the Trustee of the purchase price of the Series 2010A Bonds and the accrued interest thereon.

Simultaneously with the issuance of the Series 2010A Bonds and the deposit of the proceeds of the Series 2010A Bonds with the Trustee, the Trustee shall apply the proceeds in the amount of \$232,585,863.97 (representing the \$233,920,000 principal amount of the Series 2010A Bonds, less an underwriters' discount of \$1,334,136.03) as directed to the Trustee by the Authority pursuant to an Officer's Certificate filed with the Trustee simultaneously with the issuance of the Series 2010A Bonds

**SECTION 208. *Terms and Conditions for Issuance of Refunding Bonds.*** The Authority may from time to time issue refunding Bonds to refund Bonds or any such refunding Bonds. Before any Bonds shall be issued, the Authority shall adopt and execute and deliver a Supplemental Agreement authorizing the issuance of such refunding Bonds, fixing the amount and the details thereof as provided in Section 202 and describing in brief and general terms the purpose for issuing such Bonds.

Unless named otherwise in the Supplemental Agreement, the Bonds of each Series shall be designated "Monroe Connector System State Appropriation Revenue Refunding Bonds, Series \_\_\_\_" (inserting the year such Bonds are issued and any other distinctive letter or number), shall be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than forty (40) years from their date, shall bear interest at a rate or rates not

exceeding the maximum rate then permitted by law, shall be numbered and shall have such redemption provisions (subject to the provisions of Article III), all as provided in the Supplemental Agreement. Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption, all such Bonds shall be payable on a parity with the Outstanding Bonds and with each other and shall be entitled to the same benefit and security of this Trust Agreement, including, in particular, the pledge, charge and lien upon the State Appropriated Revenues and Interest Subsidy Payments in manner provided herein.

The Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall thereafter be deposited with the Bond Registrar for authentication, but before the Bonds shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Trustee the following:

- (i) an executed copy of this Trust Agreement;
- (ii) an executed copy of the Supplemental Agreement adopted or executed and delivered by the Authority for the particular Series of Bonds;
- (iii) evidence of the approval of the Bonds by the Local Government Commission as required by NCGS 159-86;
- (iv) a certified copy of the resolution of the Authority (which resolution may be incorporated in the Supplemental Agreement for the particular Series of Bonds), approving the award of the Bonds and directing the authentication and delivery of such Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth plus the accrued interest thereon;
- (v) an Officer's Certificate is delivered to the Trustee (i) stating that the proceeds of such refunding Bonds, together with interest earnings on the Defeasance Obligations to be acquired and other available funds, will be sufficient to pay the principal of and interest and any premium on the Bonds to be refunded to the redemption or maturity date or dates and the expenses incident to the refunding, and (ii) stating that after the issuance of the refunding Bonds, the anticipated State Appropriated Revenues and Interest Subsidy Payments are expected to be sufficient to provide for the payment of debt service on all Bonds that will be Outstanding following such issuance at the times and in the amounts provided herein; and
- (vi) such other documents as are required to be delivered to the Trustee pursuant to the Supplemental Agreement.

When the documents mentioned in subsections (i) to (vi), inclusive, of this Section shall have been filed with the Trustee and when the Bonds shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in subsection (iv) of this Section, but only upon payment to the Trustee of the purchase price of the Bonds and the accrued interest, if any, thereon to the date of delivery. The Trustee shall be entitled to rely upon the resolutions and documents mentioned in subsections (i) to (vi) of this Section as to all matters stated therein.

If the Authority issues any other Build America Bonds under this section, it shall fund, from the proceeds of such Build America Bonds or from any other available sources, such amount as shall be necessary for the Reserve Fund to equal the Reserve Fund Requirement.

**SECTION 209. *Terms and Conditions for Issuance of Additional Bonds.*** The Authority may from time to time issue Bonds to finance costs of the Initial Project or any Additional Project, as well as the costs of issuance thereof and the funding of any reserves therefor. Before any Bonds shall be issued, the Authority shall adopt and execute and deliver a Supplemental Agreement authorizing the issuance of such Additional Bonds, fixing the amount and the details thereof as provided in Section 202 and describing in brief and general terms the purpose for issuing such Additional Bonds.

Unless named otherwise in the Supplemental Agreement, the Bonds of each Series shall be designated "Monroe Connector System State Appropriation Revenue Bonds, Series \_\_ " (inserting the year such Bonds are issued and any other distinctive letter or number), shall be stated to mature, subject to the right of prior redemption as therein set forth, on the date or dates specified therein, in such year or years not later than forty (40) years from their date, shall bear interest at a rate or rates not exceeding the maximum rate then permitted by law, shall be numbered and shall have such redemption provisions (subject to the provisions of Article III), all as provided in the Supplemental Agreement. Except as to any differences in the maturities thereof or in the rate or rates of interest or the provisions for redemption, all such Bonds shall be payable on a parity with the Outstanding Bonds, and other Additional Bonds and with each other and shall be entitled to the same benefit and security of this Trust Agreement, including, in particular, the pledge, charge and lien upon the State Appropriated Revenues and Interest Subsidy Payments in manner provided herein.

The Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall thereafter be deposited with the Bond Registrar for authentication, but before the Bonds shall be authenticated and delivered to the purchasers thereof, there shall be filed with the Trustee the following:

- (i) an executed copy of this Trust Agreement;
- (ii) an executed copy of the Supplemental Agreement adopted or executed and delivered by the Authority for the particular Series of Bonds;
- (iii) evidence of the approval of the Bonds by the Local Government Commission as required by NCGS 159-86;
- (iv) a certified copy of the resolution of the Authority (which resolution may be incorporated in the Supplemental Agreement for the particular Series of Bonds), approving the award of the Bonds and directing the authentication and delivery of such Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth plus the accrued interest thereon;
- (v) for Additional Bonds issued after December 31, 2010, an Officer's Certificate is delivered to the Trustee stating that after the issuance of such Additional Bonds, the anticipated State Appropriated Revenues and Interest Subsidy Payments are expected to be sufficient to provide for the payment of debt service on all Bonds that will be Outstanding following such issuance at the times and in the amounts provided herein, or, for Additional Bonds issued on or before December 31, 2010, an Officer's Certificate is delivered to the Trustee demonstrating that after the issuance of such Additional Bonds, the State Appropriated Revenues provided for in NCGS 136-176(b2) as of such date will be sufficient to provide for the payment of debt service on all Bonds that will be Outstanding following such issuance at the times and in the amounts provided therefor in this Trust Agreement and the Supplemental Agreement relating to such Additional Bonds, with the debt service calculated taking into account the receipt of Interest Subsidy Payments; and

(vi) such other documents as are required to be delivered to the Trustee pursuant to the Supplemental Agreement.

When the documents mentioned in subsections (i) to (vi), inclusive, of this Section shall have been filed with the Trustee and when the Bonds shall have been executed and authenticated as required by this Trust Agreement, the Trustee shall deliver the Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in subsection (iv) of this Section, but only upon payment to the Trustee of the purchase price of the Bonds and the accrued interest, if any, thereon to the date of delivery. The Trustee shall be entitled to rely upon the resolutions and documents mentioned in subsections (i) to (vi) of this Section as to all matters stated therein.

If the Authority issues any other Build America Bonds under this section, it shall fund, from the proceeds of such Build America Bonds or from any other available sources, such amount as shall be necessary for the Reserve Fund to equal the Reserve Fund Requirement.

### ARTICLE III

#### REDEMPTION

**SECTION 301. *Redemption of Series 2010A Bonds.*** (a) The Series 2010A Bonds shall not be subject to prior redemption except as provided in this Article III.

(b) The Series 2010A Term Bonds maturing on January 1, 2031, are subject to mandatory redemption in part on January 1, 2026, and on each January 1 thereafter, in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
2026	\$ 9,450,000
2027	9,780,000
2028	10,125,000
2029	10,480,000
2030	10,850,000
2031*	11,235,000

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\* Maturity

(c) The Series 2010A Term Bonds maturing on January 1, 2041, are subject to mandatory redemption in part on January 1, 2032, and on each January 1 thereafter, in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest to the redemption date:



<u>Year</u>	<u>Amount</u>
2032	\$11,630,000
2033	12,050,000
2034	12,480,000
2035	12,930,000
2036	13,390,000
2037	13,870,000
2038	14,370,000
2039	14,885,000
2040	15,420,000
2041*	15,970,000

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\* Maturity

(d) The Series 2010A Bonds are subject to redemption prior to their respective maturities at the option of the Authority, in whole or in part, on any Business Day, at the “Make-Whole Redemption Price” (as defined herein). The “*Make-Whole Redemption Price*” is the greater of (i) 100% of the principal amount of the Series 2010A Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed, discounted to the date on which the Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus twenty-five basis points (.25%), plus, in each case, accrued and unpaid interest on the Series 2010A Bonds to be redeemed on the redemption date.

(e) The Series 2010A Bonds are subject to redemption prior to their maturity at the option of the Authority, in whole or in part, upon the occurrence of an Extraordinary Event, at a redemption price (the “*Extraordinary Optional Redemption Price*”) equal to the greater of (i) 100% of the principal amount of the Series 2010A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed, discounted to the date on which the Series 2010A Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of 12 30-day months, at the Treasury Rate, plus one hundred basis points ( 1.00%), plus, in each case, accrued interest on the Series 2010A Bonds to be redeemed to the redemption date.

At the request of the Trustee, the redemption price of the Series 2010A Bonds to be redeemed at the option of the Authority under subsection (h) or (i) will be determined by an independent accounting firm, investment banking firm or financial advisor retained by the Authority at the Authority’s expense to calculate such redemption price. The Trustee and the Authority may conclusively rely on the determination of such redemption price by such independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

**SECTION 302. Selection of Series 2010A Bonds for Redemption.** The Series 2010A Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2010A Bonds are called for redemption, the maturities or portions of maturities of Bonds to be so redeemed shall be as set forth in an Officer’s Certificate filed with the Trustee. If less than all of the Bonds of any one maturity are to be called for redemption, and the Bonds are not held in book-entry only form, the Bond Registrar shall effect the redemption of the Bonds of such maturity on a pro-rata basis among registered owners, subject to

\$5,000 minimum denomination requirements, using such method as the Trustee shall deem fair and appropriate. If the Bonds are held in book-entry only form, and less than all of the Bonds of any one maturity are to be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with the procedures of the Securities Depository, provided that the selection for redemption of such Bonds shall be made in accordance with the operational arrangements of Securities Depository then in effect providing for adjustment of the principal by a factor provided by the Trustee pursuant to such operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as being on a "Pro Rata Pass-Through Distribution of Principal" basis, the Bonds will be selected for redemption in accordance with the procedures of the Securities Depository by lot.

**SECTION 303. *Redemption Notice.*** At least forty-five (45) days prior to the redemption date of any Bonds to be redeemed, the Authority shall notify the Trustee and the Bond Registrar in writing of its intention to redeem such Bonds. The Authority, the Bond Registrar and the Trustee may mutually agree to a shorter time period for such notice to the Trustee and the Bond Registrar. At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Bonds to be redeemed, whether such redemption be in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all Owners of Bonds to be redeemed in whole or in part, provided that notice to any Securities Depository shall be sent by registered or certified mail and provided further that failure to mail any such notice to any Owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Bonds of any other Owner to whom notice was properly given. The Bond Registrar shall also deliver a copy of any such notice to the Local Government Commission.

Each such notice shall set forth the designation, date and Series of the Bonds, the CUSIP numbers of the Bonds to be redeemed, the date fixed for redemption, the Redemption Price to be paid, the address and phone number of the Trustee and Bond Registrar, the date of the Redemption Notice, the maturities of the Bonds to be redeemed and, if less than all of the Bonds of any one maturity then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds are not received by the Trustee or Bond Registrar on or prior to the redemption date, the redemption shall not be made and the Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

**SECTION 304. *Redemption of Additional Bonds.*** Any Additional Bonds issued under this Trust Agreement may be made subject to redemption, at such times and prices and under such terms, as may be provided by the Supplemental Agreement authorizing the issuance of such Bonds.

**SECTION 305. *Effect of Calling for Redemption.*** On or before the date upon which Bonds are to be redeemed, the Authority shall deposit with the Trustee or Bond Registrar money or Defeasance

Obligations, or a combination of both, that will be sufficient to pay on the redemption date the Redemption Price of and interest accruing on the Bonds to be redeemed on such redemption date.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor, plus accrued interest to such date, and if moneys sufficient to pay the Redemption Price of the Bonds or portions thereof to be redeemed plus accrued interest thereon to the date of redemption are held by the Trustee or Bond Registrar in trust for the Owners of Bonds to be redeemed, interest on the Bonds or portions thereof called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under this Trust Agreement or to be deemed Outstanding; and the Owners of such Bonds or portions thereof shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest to the date of redemption.

Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption on anyone or more dates as determined by the Authority have been given to the Trustee or Bond Registrar in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall cease to be entitled to the security of or any rights under this Trust Agreement, and the Owners shall have no rights in respect of the same other than to receive payment of the principal or Redemption Price thereof and accrued interest thereon, to be given notice of redemption in the manner provided in Section 303, and to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds if money or Defeasance Obligations (that have maturity dates or redemption dates which, at the option of the holder of such Defeasance Obligations, shall not be later than the date or dates on which moneys will be required to effect such payment or redemption), or a combination of both, sufficient to pay the principal or Redemption Price of such Bonds or portions thereof, together with accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Trustee or Bond Registrar in trust for the Owners of such Bonds.

Any Supplemental Agreement may provide that any notice of redemption, except a notice of redemption in respect of a Sinking Fund Requirement, may state that the redemption to be effected is conditioned upon the receipt by the Trustee or Bond Registrar on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed, and that if such moneys are not so received, such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys or Defeasance Obligations sufficient to pay the Redemption Price and interest on such Bonds are not received by the Trustee or Bond Registrar on or prior to the redemption date, the redemption shall not be made and the Trustee or Bond Registrar shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received. The Supplemental Agreement may also provide for the giving of notice of insufficient money prior to the redemption date and such other provisions as the Authority may determine.

**SECTION 306. *Redemption of a Portion of Bonds.*** If less than all of an Outstanding Bond is selected for redemption, the Owner thereof or his attorney or legal representative, or legal representative of his estate if the Owner is deceased, shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption, and the redemption premium, if any, on such principal amount, and the Authority shall, if necessary, execute and the Bond Registrar shall authenticate and deliver to or upon the order of such Owner or his attorney or legal representative, without charge, for the unredeemed portion of the principal amount of the Bond so surrendered, a new Bond of the same Series and maturity, bearing interest at the same rate and of any denomination or denominations authorized by Supplemental Agreement for such Bond.



**ARTICLE IV**  
**PROJECT FUND**

**SECTION 401. *Project Fund.*** A special fund is hereby established with the Trustee and designated the "North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Project Fund". The proceeds of the Bonds to be used for payment of the Costs of the Project shall be deposited by the Trustee in the Project Fund. The money in the Project Fund shall be held by the Trustee in trust and, pending application to the payment of the refinancing of, the reimbursement for or the Costs of the Project, as the case may be, or transfer as provided herein to the extent permitted by law, shall be subject to a lien and charge in favor of the Owners of Bonds issued with respect to the Project and Outstanding under this Trust Agreement and shall be held for the security of such Owners. The proceeds of the Series 2010A Bonds and each issuance of Additional Bonds shall be held in separate accounts within the Project Fund.

**SECTION 402. *Payments from Project Fund.*** Payments to accomplish the refinancing of, the reimbursement for or for the Costs of the Project shall be made from the Project Fund. All payments from the Project Fund shall be subject to the provisions and restrictions set forth in this Article, and the Authority shall not cause or agree to permit to be paid from the Project Fund any sums except in accordance with such provisions and restrictions, subject to the provisions of Section 702(b).

**SECTION 403. *Cost of Project.*** For the purpose of this Trust Agreement, the Costs of the Project, as the case may be, shall include such costs as are eligible costs within the purview of the Act, and, without intending to limit or restrict any proper definition of such Cost, shall include the following:

- (a) obligations incurred for labor, materials, services provided by contractors, builders and materialmen in connection with the construction, acquisition, and equipping of the Project, machinery and equipment, for the restoration of property damaged or destroyed in connection with such construction and acquisition, for the demolition, removal or relocation of any structures and for the clearing of lands;
- (b) interest accruing upon any Bonds prior to the commencement of and during construction or for any additional period as may be authorized by law;
- (c) the cost of acquiring by purchase, and the amount of any award or final judgment in any proceeding to acquire by Eminent Domain, such land, structures and improvements, property, property rights, rights-of-way, franchises, easements and other interests in lands as may be deemed necessary or convenient in connection with such construction or operation of the Initial Project;
- (d) expenses of administration properly chargeable to such construction or acquisition, legal, trustee, architectural and engineering expenses and fees, cost of audits and of preparing and issuing the Bonds, fees and expenses of consultants, financing charges, premiums of insurance in connection with construction, bond insurance premiums, the cost of funding any debt service reserve account requirements, and all other items of expense not elsewhere in this Section specified that are incident to the financing, construction or acquisition of the Project and the placing of the same in operation; and
- (e) reimbursement of any obligation or expense incurred by the Authority or NCDOT for any of the foregoing purposes prior to the date of delivery of the Bonds, including reimbursement to any Persons for advances made to the Authority or NCDOT, and also including the cost of materials, supplies or equipment furnished by the Authority or NCDOT in connection with the construction of the Project and paid for by the Authority or NCDOT out of funds other than money in the Project Fund.



Notwithstanding (a) through (e) of this section, no proceeds of Build America Bonds may be withdrawn to pay for any cost which could not be capitalized for the Project if the Authority were not a governmental organization.

**SECTION 404. Requisitions from Project Fund.** Payments from the Project Fund shall be made in accordance with the provisions of this Section.

Upon receipt of a requisition of the Authority signed by an Authorized Officer, the Trustee shall pay from the Project Fund to the Authority at one time or from time to time, a sum or sums aggregating at any point in time not more than \$500,000, exclusive of reimbursements as hereinafter authorized in this Section, to be used by the Authority as a revolving fund for the payment of items of Cost referred to in Section 403 which cannot conveniently be paid as herein otherwise provided in this Section. Such money shall be deemed to be a part of the Project Fund until paid out by the Trustee. The Trustee shall apply money in the Project Fund to reimburse the revolving fund from time to time for items of Cost paid with money in the revolving fund upon receipt of a requisition, in substantially the form set forth in Exhibit A, signed by an Authorized Officer for reimbursement of items of Cost referred to in Section 403, which requisition (1) shall specify the amount and the purpose by general classification of each payment from the revolving fund for which such reimbursement is requested and state that each such item of cost so paid was a necessary item of Cost within Section 403, was not previously requisitioned and was a proper charge against the Project Fund and (2) shall make the certifications required by (f) and (g) below.

Upon request of the Authority, the Trustee shall pay Costs, or reimburse the Authority or NCDOT, directly from the Project Fund, but before any payment shall be made there shall be filed with the Trustee a requisition, in substantially the form set forth in Exhibit A, signed by an Authorized Officer, stating:

- (a) the Requisition number;
- (b) the name of the person to whom such payment is due;
- (c) the amount to be paid;
- (d) the purpose for which the obligation to be paid was incurred;
- (e) that the obligation in the stated amount has been incurred by the Authority, is presently due and payable and is a proper charge against the Project Fund that has not been paid;
- (f) that no notice of any lien, right to lien or attachment upon, or claim affecting the right of any such Person to receive payment of, the amount stated in such requisition has been filed or attached or, if any of the foregoing has been filed or attached, that the same either has been or will be satisfied or discharged or that provisions have been made (which shall be specified) to protect adequately the Trustee and the Owners from incurring any loss as a result of the same;
- (g) that such requisition contains no item representing payment on account of any retainage to which the Authority is entitled at the date of such requisition; and
- (h) to the extent that such requisition contains any payment of the purchase price or cost of any lands, property, property rights, rights-of-way, easements, franchises or interests in or relating to lands, that such lands, property, property rights, rights-of-way, easements, franchises or interests are being acquired by the Authority in furtherance of the construction or acquisition of the Project.

Upon receipt of each requisition, the Trustee shall pay the obligations set forth in such requisition out of money in the applicable account or subaccount in the Project Fund, and each such obligation shall be paid by check or wire transfer. If for any reason the Authority should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Trustee, and thereupon the Trustee shall not make such payment.

Notwithstanding other provisions herein, prior to the issuance of Revenue Bonds, no amounts may be drawn from proceeds of Bonds deposited in the Project Fund for payment of costs, or reimbursement of costs, with respect to the Monroe Connector System other than costs of issuance of the Bonds.

**SECTION 405. *Reliance upon Requisitions.*** All requisitions, opinions and notices received by the Trustee as conditions of payment from the Project Fund may be relied upon by the Trustee. Such requisitions, opinions and notices shall be retained by the Trustee for so long as the Bonds are Outstanding and shall be subject at all reasonable times to examination by the Authority and the Owners of Bonds then Outstanding.

**SECTION 406. *Progress Reports.*** The Authority covenants that at least quarterly during the construction of the Project, it will cause a General Engineering Consultant to prepare a progress report in connection with such construction with respect to:

- (a) the date on which the Project is expected to be opened for traffic unless such project has been opened for traffic prior to the date of such report;
- (b) the date on which the construction of the Project is expected to be substantially completed; and
- (c) the amount of funds required each six months during the remaining estimated period of construction to pay the Costs of the Project, exclusive of construction contingencies, and accompanied by a progress schedule for such construction, and further including, as to construction, comparisons between actual times elapsed and the actual costs and the original estimates of such time and costs.

A copy of such report shall be filed with the Trustee, provided to any Owner who requests a copy thereof and, upon the request of the Local Government Commission, filed with the Local Government Commission.

**SECTION 407. *Completion of the Project and Disposition of Project Fund Balance.*** The Completion Date for the Project, or any segment thereof, shall be evidenced to the Trustee by an Officer's Certificate (a) setting forth the Cost of the Project, or such segment, whichever is applicable, and stating that, except for amounts not then due and payable or the liability for the payment of which is being contested or disputed by the Authority, which amounts shall be set forth in such Officer's Certificate, all costs and expenses incurred in connection therewith have been paid, and (b) stating that (i) the acquisition, construction and equipping of the Project, or such segment, whichever is applicable, have been completed substantially in accordance with the plans and specifications therefor and the Cost of the same has been paid and (ii) all other facilities necessary in connection with the Project, or such segment, have been acquired, constructed and installed in accordance with the plans and specifications therefor. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or that may subsequently come into being. The Authority shall supply such certificate within sixty (60) days after the facts justifying such certification exist.

Upon receipt of such certificate, the Trustee shall withdraw all money then remaining in the Project Fund in excess of the amount then needed for completion of the remainder of the Project and apply the same, subject to Section 603, (i) for any capital improvement related to the Initial Project which, in the written opinion of nationally recognized bond counsel, is permitted by the Act and shall not adversely affect the status of the Series 2010A Bonds as Build America Bonds or (ii) for payment to the federal government of any arbitrage rebate payment required by the Code. In the event that the Authority does not deliver an opinion of nationally recognized bond counsel as required by the preceding sentence at the time it delivers such certificate, the Trustee shall transfer the money in excess of the amount then needed for completion of the Project to the Debt Service Fund as directed in writing by an Authorized Officer.

## **ARTICLE V**

### **REVENUES AND FUNDS**

**SECTION 501. *Establishment of Funds.*** In addition to the Project Fund, there are hereby established the following funds;

- (a) North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Revenue Fund;
- (b) North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Debt Service Fund, in which there are established four special accounts to be known as the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account; and
- (c) North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Reserve Fund.

The Revenue Fund, the Debt Service Fund and the Reserve Fund shall be established with and held by the Trustee. The money in all of the funds, accounts and subaccounts established pursuant to this Article shall be held in trust and applied as hereinafter provided and, pending such application, the money in the Debt Service Fund and any accounts and subaccounts therein shall be subject to a pledge, charge and lien in favor of the Owners of the Bonds issued and Outstanding under this Trust Agreement and for the further security of such Owners, except as otherwise provided herein. The money in the Reserve Fund and any accounts therein shall be subject to a pledge, charge and lien in favor of the Owners of the Bonds issued and Outstanding under this Trust Agreement, except as otherwise provided herein.

**SECTION 502. *Funds Received by the Authority.*** All Revenues shall be deposited on a daily basis when received in the Revenue Fund.

The NCDOT has made arrangements for the transfer of the State Appropriated Revenues to the Authority from the North Carolina Highway Trust Fund in four quarterly installments of \$6,000,000 each to be made on the date of issuance of the Series 2010A Bonds, and, beginning on November 16, 2010, on each November 16, February 16, May 16, and August 16, thereafter. In the event that the transfer is not made as so arranged, the Authority will make prompt application to the Secretary of the NCDOT to make such transfer, providing such information as may be necessary to the Secretary of the NCDOT to show that the transfer to the Authority of the amounts so appropriated is necessary to enable the Authority to pay the debt service payments to be paid with respect to the Bonds.

The Authority shall comply with the requirements of the Code to qualify and continue the qualification of all the Series 2010A Bonds as Build America Bonds under the Code and will make all

filings and provide such information with the Treasury Secretary as shall be necessary to assure the timely receipt by the Authority and payment to the Trustee of the Interest Subsidy Payments to enable the Authority to pay the debt service payments to be paid with respect to the Bonds.

**SECTION 503. *Application of Money in Revenue Fund.*** Immediately upon each receipt of State Appropriated Revenues, Interest Subsidy Payments or other Revenues to be deposited to the Revenue Fund, the Trustee shall immediately transfer such amounts as follows, and in the following order of priority:

(a) to the Interest Account of the Debt Service Fund an amount that, together with the amounts then on deposit in the Interest Account, will be equal to the amount of interest payable on the Bonds and any Additional Bonds on the next Interest Payment Date, or the entire amount of the Revenues if less than the amount required payable on the next Interest Payment Date;

(b) to the Principal Account and the Sinking Fund Account of the Debt Service Fund an amount that, together with the amounts then on deposit in the Principal Account or the Sinking Fund Account, will be equal to the amount equal to the amount of principal payable on the Bonds and any Additional Bonds within the current Bond Year, or the entire amount of the Revenues if less than the amount required for principal on the Bonds and any Additional Bonds payable within the current Bond Year;

(c) to the Reserve Fund to the extent of any deficiencies therein; and

(d) the balance shall be transferred from the control of the Trustee to the trustee under the General Revenue Bond Trust Agreement Revenue Fund or to the trustee under an Other Revenue Bond Trust Agreement, as directed by the Authority.

Upon the transfer described in (d), the amounts so transferred shall be transferred free and clear of the lien on and pledge of the Revenues created hereunder and such lien and pledge shall thereafter be of no force and effect upon the such amounts after the transfer thereof to the trustee under the General Revenue Bond Trust Agreement or an Other Revenue Bond Trust Agreement.

The Authority shall be permitted to retain from the amount to be transferred to the General Revenue Bond Trust Agreement or an Other Revenue Bond Trust Agreement, such amounts as shall be needed to pay arbitrage rebate payments to the federal government as needed in order to comply with Section 603.

The Authority shall provide to the Trustee such certifications, documentation, agreements and other information as may be necessary for the Trustee to determine the amounts required to be deposited or paid as provided above in this Section.

There shall be credited against the amounts required to be deposited or paid as provided in subsection (a) above any amounts set aside for payment of interest on Bonds. On the date hereof, the Authority has caused to be deposited to the Interest Account, the amount of \$29,081,082.53 from proceeds of the Series 2010A Bonds and \$15,709,799.19 from STIP funds for payment of interest due on the Bonds through July 1, 2014.

On or before the 45th day next preceding any date on which Serial Bonds are to mature or Term Bonds are to be redeemed pursuant to Sinking Fund Requirements therefor or are to mature, the Authority may satisfy all or a portion of its obligation to make the payments required by subsections (a) and (b) of this Section by delivering to the Trustee Serial Bonds maturing or Term Bonds maturing or required to be



redeemed on such date. The price paid to purchase any such Bond, including accrued interest to the date of purchase, shall not exceed the principal or Redemption Price plus accrued interest to the date of purchase. Upon such delivery, the Authority shall receive a credit against amounts required to be deposited into the Interest Account, the Principal Account or Sinking Fund Account, as the case may be, on account of such Bonds with respect to all interest payments for the remainder of the Fiscal Year and in the amount of 100% of the principal amount of any such Serial Bonds or Term Bonds so delivered.

**SECTION 504.** *Application of Money in Interest Account.* On each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, the Trustee shall withdraw from the Interest Account and transfer to the Bond Registrar, if the Bond Registrar is a separate entity than the Trustee, or pay to the Owners, in federal reserve or other immediately available funds, the amounts required for paying interest on the respective Bonds on such Interest Payment Date. The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the Interest Account as provided in Section 503, or if the balance in the Interest Account on the Business Day next preceding an Interest Payment Date is insufficient to pay interest coming due on the Bonds on such Interest Payment Date, the Trustee shall notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency.

**SECTION 505.** *Application of Money in Principal Account.* On each Principal Payment Date, the Trustee shall withdraw from the Principal Account and transfer to the Bond Registrar, if the Bond Registrar is a separate entity than the Trustee, or pay to the Owners, in federal reserve or other immediately available funds, the amount necessary to pay the principal of the respective Bonds at their respective maturities. The Bond Registrar shall remit or otherwise set aside the amount due and payable to the Owners.

If on any date there is money in the Principal Account and no Serial Bonds are then Outstanding or if on any Principal Payment Date money remains therein after the payment of the principal of Serial Bonds then due, the Trustee shall withdraw such money therefrom and shall apply the same in the following order: (a) deposit into the Sinking Fund Account the amount then required to be paid thereto by the Authority pursuant to Section 503, and (b) otherwise make the deposits required by Section 503.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the Principal Account as provided in Section 503, or if the balance in the Principal Account on the Business Day next preceding a Principal Payment Date is insufficient to pay the principal coming due on the Bonds on such Principal Payment Date, the Trustee shall notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency.

**SECTION 506.** *Application of Money in Sinking Fund Account.* Money held for the credit of the Sinking Fund Account shall be applied to the retirement, purchase, redemption or payment of Term Bonds.

(a) To the extent funds have been deposited to the Sinking Fund Account and are available, the Trustee shall, at the request of the Authority, endeavor to purchase and cancel Term Bonds or portions thereof subject to redemption by operation of the Sinking Fund Account or maturing on the next ensuing January 1 at the direction of an Authorized Officer. The purchase price of each such Term Bond shall not exceed par plus accrued interest to the date of purchase. The Trustee shall pay the interest accrued on such Term Bonds to the date of settlement therefor from the Interest Account and the purchase price from the Sinking Fund Account. No such purchase shall be made by the Trustee from money in the Sinking Fund Account within the period of forty-five (45) days immediately preceding any January 1 on which such

Term Bonds are subject to redemption. If in any Bond Year the sum of the amount on deposit in the Sinking Fund Account for the payment of any Term Bonds and the principal amount of the Term Bonds that were purchased during such Bond Year pursuant to the provisions of this paragraph (a) or delivered during such Bond Year to the Trustee by the Authority exceeds the Sinking Fund Requirement for the Outstanding Term Bonds for such Bond Year, the Trustee shall endeavor to purchase Outstanding Term Bonds with such excess money.

(b) The Trustee shall call for redemption on January 1 the Term Bonds then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Term Bonds for such Bond Year, less the principal amount of any such Term Bonds retired since the prior January 1 by purchase pursuant to paragraph (a) of this Section or delivered during such Bond Year to the Trustee by the Authority. If the amount available in the Sinking Fund Account on a January 1 is not equal to the Sinking Fund Requirement for the Term Bonds for the corresponding Bond Year less the principal amount of any such Term Bonds so delivered or purchased and retired, the Trustee shall apply the amount available in the Sinking Fund Account to the redemption of Term Bonds then subject to redemption so as to exhaust, to the extent practicable, the amount available. On each redemption date the Trustee shall withdraw from the Sinking Fund Account the amount required to pay the Redemption Price of the Term Bonds so called for redemption. The amount of interest on the Term Bonds so called for redemption shall be paid from the Interest Account. If such date is the stated maturity date of any Term Bonds, the Trustee shall not call those Term Bonds for redemption but, on such maturity, shall withdraw the amount required for paying the principal of such Term Bonds when due and payable.

Upon execution by the Authority of this Trust Agreement, this Section 506 shall be deemed to be sufficient written notice required to be provided by the Authority to the Trustee pursuant to Section 302 of the Trust Agreement, for any and all redemptions pursuant to this Section 506.

If on any date there is money in the Sinking Fund Account and no Term Bonds are then Outstanding or if on any payment date money remains therein after the mandatory redemption of Term Bonds in accordance with the Sinking Fund Requirement therefor, the Trustee shall withdraw such money therefrom and shall apply the same as follows and in the following order: (a) deposit in the Interest Account and the Principal Account, the amounts, if any, required to be paid thereto in such month and (b) deposit all remaining amounts to the Revenue Fund.

If, in any Bond Year, by the application of money in the Sinking Fund Account, the Trustee should purchase or receive from the Authority and cancel Term Bonds in excess of the aggregate Sinking Fund Requirement for such Bond Year, the Trustee shall file with the Authority not later than the twentieth (20th) day prior to the next January 1 on which Term Bonds are to be redeemed, a statement identifying the Term Bonds purchased or delivered during such Fiscal Year and the amount of such excess. The Authority shall thereafter cause an Officer's Certificate to be filed with the Trustee not later than November 15 of the following Bond Year setting forth with respect to the amount of such excess the Fiscal Years in which the Sinking Fund Requirements with respect to Term Bonds are to be reduced and the amount by which the Sinking Fund Requirements so determined are to be reduced.

Upon the retirement of any Term Bonds by purchase and redemption pursuant to the provisions of this Section, the Trustee shall file with the Authority a statement identifying such Bonds and setting forth the date of purchase or redemption, the amount of the purchase price or the Redemption Price of such Term Bonds, and the amount paid as interest thereon. The expenses incurred in connection with the purchase or redemption of any such Term Bonds shall be paid by the Authority from the Revenue Fund or from any other available moneys.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the Sinking Fund Account as provided in Section 503, or if the balance in the Sinking Fund Account on the Business Day next preceding a Principal Payment Date is insufficient to pay the principal coming due on the Bonds on such Principal Payment Date, the Trustee shall notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency.

**SECTION 507. *Application of Money in the Redemption Account.*** The Trustee shall apply money in the Redemption Account for the purchase or redemption of Bonds as follows:

(a) Subject to the provisions of subsection (c) of this Section, and if instructed to do so by an Authorized Officer, the Trustee shall endeavor to purchase and cancel Bonds or portions thereof, whether or not such Bonds or portions thereof are then subject to redemption, at the direction of an Authorized Officer, provided that the purchase price of each Bond, plus accrued interest to the date of purchase, shall not exceed the Redemption Price that would be payable on the next redemption date to the Owners of such Bonds plus accrued interest to the redemption date if such Bond or such portion thereof were called for redemption on such redemption date from the money in the Redemption Account. The Trustee shall pay the interest accrued on such Bonds or portions thereof to the date of settlement from the Interest Account and the purchase price from the Redemption Account, but no such purchase shall be made by the Trustee from money in the Redemption Account within the period of forty-five (45) days immediately preceding any date on which such Bonds or portions thereof are to be redeemed except from moneys other than the moneys set aside in the Redemption Account for the redemption of Bonds.

(b) Subject to the provisions of subsection (c) of this Section, the Trustee shall call for redemption on a date permitted by this Trust Agreement such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the moneys then held in the Redemption Account as nearly as may be; provided, however, that not less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds shall be called for redemption at anyone time unless the Trustee is so instructed by the Authority. The Trustee shall pay the accrued interest on the Bonds or portions thereof to be redeemed to the date of redemption from the Interest Account or any other available funds of the Authority and the Redemption Price of such Bonds or portions thereof from the Redemption Account. On or before the redemption date, the Trustee shall withdraw from the Redemption Account and the Interest Account, as applicable, and transfer to the Bond Registrar the respective amounts required to pay the Redemption Price and accrued interest to the redemption date of the Bonds or portions thereof so called for redemption.

(c) Money in the Redemption Account maybe applied by the Trustee in each Fiscal Year to the purchase or the redemption of Bonds of anyone or more Series then Outstanding in accordance with the latest Officer's Certificate filed with the Trustee (i) designating such Bonds to be purchased or redeemed, (ii) setting forth the aggregate principal amount of Bonds to be purchased or redeemed, and (iii) designating the Bonds to be redeemed, and if such Bonds are Term Bonds, the years in which future Sinking Fund Requirements are to be reduced as a result of such redemption and the amount of such reduction in each such year.

Money held for the credit of the Redemption Account shall be applied to the purchase or redemption of Bonds in the manner provided herein.

**SECTION 508. *Deposit and Application of Money in the Reserve Fund.*** (a) The Authority shall fund, from the proceeds of the Bonds or from any other available sources, concurrently with the delivery of and payment of any Bonds, the Reserve Fund in an amount equal to the Reserve Fund Requirement.

(b) The Trustee shall use amounts in the Reserve Fund to make transfers to the Interest Account to pay interest on Bonds at any time there is a deficiency in the Interest Account.



(c) Any deficiency in the Reserve Fund resulting from the withdrawal of moneys therein shall be restored by the Authority as provided in Section 503.

(d) Investment earnings from the investment of the Reserve Fund shall be transferred upon receipt to the Revenue Fund. Amounts in the Reserve Fund in excess of the Reserve Fund Requirement shall be deposited to the Revenue Fund.

**SECTION 509. *Escheat.*** All money that the Trustee has withdrawn from the Debt Service Fund or received from any other source and set aside or delivered to the Bond Registrar for the purpose of paying any of the Bonds hereby secured, either at maturity or by purchase or call for redemption, shall be held in trust solely for the respective Owners of such Bonds.

Any money that is so set aside and that remains unclaimed by the Owners for a period of five (5) years after the date on which such Bonds have become payable shall be treated as abandoned property pursuant to the provisions of NCGS 116B-53, and the Trustee or the Bond Registrar shall report and remit this property to the Escheat Fund established by, according to the requirements of NCGS Chapter 116B, and thereafter the Owners shall look only to the Escheat Fund for payment and then only to the extent of the amounts so received, without any interest thereon, and the Trustee, the Bond Registrar and the Authority shall have no responsibility with respect to such money.

**SECTION 510. *Cancellation of Bonds.*** Upon receipt of the same, the Bond Registrar shall cancel all Bonds paid, redeemed or purchased by the Trustee or purchased by the Authority and delivered to the Bond Registrar, and all Bonds delivered to the Bond Registrar in exchange for other Bonds or delivered to the Bond Registrar upon the transfer of any Bond if a new Bond is delivered upon such transfer. The Bond Registrar shall certify to the Authority the details of all Bonds so canceled. All Bonds canceled under any of the provisions of this Trust Agreement either shall be delivered to the Authority or destroyed by the Bond Registrar, as the Authority directs. Upon destruction of any Bonds, the Bond Registrar shall execute a certificate in duplicate, describing the Bonds so destroyed; and one executed certificate shall be filed with the Authority and the other executed certificate shall be retained by the Bond Registrar.

**SECTION 511. *Disposition of Fund Balances.*** After provision is made for the payment of all Bonds, including the interest thereon, and all other obligations, expenses and charges required to be paid under or in connection with this Trust Agreement, and receipt by the Trustee of an Officer's Certificate to the effect that there are no other indentures, resolutions, bond orders or other agreements that impose a continuing lien on the balances hereinafter mentioned, the Trustee shall pay all amounts in any fund, account or subaccount then held by it under this Trust Agreement to the Authority. If a continuing lien has been imposed on such balance by another resolution, bond order, any other agreement, by court order or decree, or by law, the Trustee shall pay such balance to such person as is entitled to receive the same by law or under the terms of such resolution, bond order, agreement, court order, or decree.

**SECTION 512. *Security.*** As security for the payment of the Bonds, the Authority hereby grants to the Trustee for the benefit of the Owners of the Bonds, a pledge, charge and lien upon (i) all Revenues (subject to the release provisions set forth in Section 503); (ii) all money and securities held by or on behalf of the Trustee in the Project Fund (to the extent provided in Section 401), the Revenue Fund and the Debt Service Fund established pursuant to this Trust Agreement, and (iii) all money and securities held by or on behalf of the Trustee in the Reserve Fund (collectively, the "Trust Estate").

The pledge, charge and lien upon the Trust Estate shall be effective and operate immediately, and the Trustee shall have the right to collect and receive the Revenues in accordance with the provisions hereof at all times during the period from and after the date of delivery of the Bonds issued hereunder



until all Bonds have been fully paid and discharged, including, without limitation, at all times after the institution and during the pendency of bankruptcy or similar proceedings.

The aforementioned pledge, charge and lien upon the Trust Estate shall not inhibit the sale or disposition of any portion of the Monroe Connector System in accordance with this Trust Agreement and shall not impair or restrict the ability of the Authority to invest in securities and other forms of investment, subject to the provisions of this Trust Agreement.

## **ARTICLE VI**

### **DEPOSITARIES OF MONEY, SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS AND COVENANT AS TO ARBITRAGE**

**SECTION 601. *Security for Deposits.*** Any and all money received by the Authority under the provisions of this Trust Agreement shall be deposited as received with the Trustee or one or more other Depositaries as provided in this Trust Agreement, and all money so deposited with the Trustee shall be trust funds under the terms hereof, and, to the extent permitted by law in the case of the Project Fund, shall not be subject to any lien or attachment by any creditor of the Authority.

All money deposited with the Trustee or any Depositary hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured, for the benefit of the Authority and the Owners of Bonds, either (a) by lodging with a bank or trust company chosen by the Trustee or Depositary or, if then permitted by law, by setting aside under control of the trust department of the bank or trust company holding such deposit, as collateral security, Government Obligations or other marketable securities eligible as security for the deposit of trust funds under regulations of the Comptroller of the Currency of the United States or applicable State law or regulations, having a market value (exclusive of accrued interest) not less than the amount of such deposit, or (b) if the furnishing of security as provided in clause (a) above is not permitted by applicable law, then in such other manner as may then be required or permitted by applicable State or federal laws and regulations regarding the security for, or granting a preference in the case of, the deposit of trust funds; provided, however, that it shall not be necessary for the Trustee or any Depositary to give security for the deposit of any money with it for the payment of the principal of or the redemption premium or the interest on any Bonds, or for the Trustee or any Depositary to give security for any money that shall be represented by Investment Obligations purchased under the provisions of this Article as an investment of such money.

All money deposited with the Trustee or any Depositary shall be credited to the particular fund, account or subaccount to which such money belongs.

**SECTION 602. *Investment of Money.*** Money held for the credit of all funds, accounts and subaccounts shall be continuously invested and reinvested by the Trustee or the Depositaries, whichever is applicable, in Investment Obligations, as directed by an Authorized Officer as described below, or held as cash to the extent investment or reinvestment in Investment Obligations is not practicable.

Investment Obligations shall mature or be redeemable at the option of the holder thereof not later than the respective dates when the money held for the credit of such funds, accounts and sub accounts will be required for the purposes intended.

Notwithstanding the forgoing, no Investment Obligations pertaining to any Series in any fund, account or subaccount shall mature on a date beyond the latest maturity date of the respective Series of

Bonds Outstanding at the time such Investment Obligations are deposited. For purposes of this Section, the maturity date of any repurchase agreement shall be deemed to be the stated maturity date of such agreement and not the maturity dates of the underlying obligations.

An Authorized Officer or his designee shall give to the Trustee or any Depositary written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Trustee or such Depositary shall then invest such money as so directed. The Trustee or any Depositary may request additional direction or authorization from the Authorized Officer or his designee in writing with respect to the proposed investment of money under the provisions of this Trust Agreement. Upon receipt of such directions, the Trustee or any Depositary shall invest, subject to the provisions of this Article, such money in accordance with such directions. If no such directions are given, then any uninvested funds shall be invested by the Trustee in Government Obligations having the shortest maturity available, but in no event exceeding a maturity of thirty (30) days from the date of investment in the case of funds held in the Project Fund, and the date funds are required to be used to pay debt service on Bonds in the case of funds held in the Debt Service Fund. The Trustee or any Depositary shall have no liability for investments made in accordance with this Section.

Investment Obligations acquired with money in or credited to any fund, account or subaccount established under this Trust Agreement shall be deemed at all times to be part of such fund, account or subaccount. Any loss realized upon the disposition or maturity of such Investment Obligations shall be charged against such funds, accounts or subaccounts. The interest accruing on any such Investment Obligations and any profit realized upon the disposition or maturity of such Investment Obligations shall be credited to the particular fund, account or subaccount to which such Investment Obligation relates.

The Trustee shall upon written direction from the Authority sell or reduce to cash a sufficient amount as specified by the Authority of such Investment Obligations whenever it is necessary to do so to provide money to make any payment from any such fund, account or subaccount. The Trustee shall not be liable or responsible for any loss resulting from any such action.

Whenever a transfer of money between two or more of the funds, accounts or subaccounts established under this Trust Agreement is permitted or required, such transfer may be made as a whole or in part by transfer of one or more Investment Obligations at a value determined at the time of such transfer in accordance with this Article, provided that the Investment Obligations transferred are those in which money of the receiving fund, account or subaccount could be invested at the date of such transfer.

For purposes of making any investment hereunder, the Trustee or any Depositary may consolidate money held by it in any fund, account or subaccount with money in any other fund, account or subaccount. Transfers from any fund, account or subaccount to the credit of any other fund, account or subaccount provided for in this Trust Agreement may be effectuated on the books and records of the Trustee, the Authority or any Depositary without any actual transfer of funds or liquidation of investments. Investment Obligations purchased with consolidated funds shall be allocated to each fund, account or subaccount on a pro rata basis in accordance with the initial amount so invested from each such fund, account or subaccount.

Unless otherwise directed by the Authority, Investment Obligations may be purchased by the Trustee or any Depositary through its own investment division or other bank facilities established for such purpose.

**SECTION 603. *Covenant as to Arbitrage.*** The Authority covenants that so long as any of the Bonds remain Outstanding, money on deposit in any fund, account or subaccount maintained in connection with the Bonds, regardless of whether such money was derived from the proceeds of the sale

of the Bonds or from any other sources, will not be used in a manner that would cause any of the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "*Code*"), and applicable regulations promulgated from time to time thereunder, except for moneys on deposit in such funds, accounts or sub accounts with respect to any Bonds not intended to be tax-exempt under the provisions of the Code (except with respect to Build America Bonds to which such covenants do apply). The Authority further covenants and agrees to comply with the requirements of Section 148 of the Code and applicable regulations promulgated from time to time thereunder with respect to any Bonds intended to be tax-exempt under the provisions of the Code and with respect to Build America Bonds.

## ARTICLE VII

### GENERAL COVENANTS AND REPRESENTATIONS

**SECTION 701.** *Payment of Principal, Interest, Premium and Other Amounts.* The Authority shall cause to be paid, when due, the principal of (whether at maturity, by redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in the Bonds and the documentation authorizing and securing such Bonds, according to the true intent and meaning thereof.

The Bonds are special obligations of the Authority payable solely from the Revenues, the Authority's right to receive the same, and money and Investment Obligations held in the applicable funds, accounts and subaccounts created hereunder for the Bonds and the income from Investment Obligations in such funds, accounts and subaccounts. The Bonds shall be secured as provided in Section 512. The Bonds shall not be deemed to be a debt, liability or obligation of the State or of any other public body in the State secured by a pledge of the faith and credit of the State or of any other public body in the State, respectively, but shall be payable solely from the Revenues and other income or assets pledged under this Trust Agreement. The Authority shall not be obligated to pay the principal of, premium, if any, or interest on the Bonds except from the Revenues and other income or assets pledged under this Trust Agreement, and neither the faith and credit nor the taxing power of the State or of any other public body in the State, including the Authority, is pledged for the payment of the principal of, premium, if any, or interest on the Bonds. The Authority has no taxing power.

The Authority and NCDOT covenant that they will prepare all proposed and actual budgets including, and submit as necessary to all parties for, the continuance of State Appropriated Revenues in an annual amount of at least \$24,000,000.

**SECTION 702.** *Acquisition, Construction and Equipping of the Project.* The Authority shall acquire, construct and equip the Project for which Bonds are issued or for which money repayable from the proceeds of Bonds are advanced by the Authority for such purpose. The Authority covenants to acquire, construct and equip the Project in conformity with applicable law and all other requirements of all governmental authorities having jurisdiction thereover, and that the Authority will complete the acquisition, construction and equipping of the Project and with all expedition practicable.

(a) Notwithstanding the foregoing paragraph, the Authority may, by an Officer's Certificate stating that (1) the Authority has postponed significant work on the Monroe Connector System, (2) Revenue Bonds either have not been or will not be issued pursuant to the General Revenue Bond Trust Agreement prior to December 31, 2011, and (3) an Other Revenue Project will have related Other Revenue Bonds issued prior to any Revenue Bonds, direct the Trustee that after the date of such Officer's Certificate, the term "Project" as used in this Trust Agreement shall mean the particular Other Revenue Project identified in the Officer's Certificate and all provisions hereof including such term shall be



effective with respect to such Other Revenue Project instead of the Monroe Connector System. If the State Appropriated Revenues associated with the identified Other Revenue Project are greater in annual amount than the State Appropriated Revenues associated with the Monroe Connector System, the Outstanding Bonds will be deemed to entirely relate to such Other Revenue Project after the date of the Officer's Certificate. If the State Appropriated Revenues associated with the identified Other Revenue Project are less in annual amount than the State Appropriated Revenues associated with the Monroe Connector System, the Outstanding Bonds will be deemed to relate to the Monroe Connector System and the identified Other Revenue Project in proportion to the associated State Appropriated Revenues. No change in the term "Project" shall be permitted under this subsection after any pledge by the Authority of the balance in the Revenue Fund identified in Section 503(d).

(b) The Authority shall require each person, firm or corporation with whom it may contract for such construction to (i) furnish a payment and performance bond in the full amount of any contract or (ii) deposit with an Authorized Officer marketable securities that are eligible as security for the deposit of trust funds as provided in Section 601 in the full amount of any contract. The proceeds of any such payment or performance bond or securities shall be deposited in the applicable account or subaccount of the Project Fund and applied toward the completion of the Project in connection with which such payment or performance bond or securities are furnished.

**SECTION 703. Budgets.** The Authority shall adopt an Annual Budget for the Monroe Connector System for each Fiscal Year. To the extent possible, the Authority shall prepare its Annual Budget so that it will be possible to determine from such Annual Budget (a) the amount of State Appropriated Revenues and Interest Subsidy Payments budgeted for deposit in the Revenue Fund during such Fiscal Year, (b) the amount of Revenues budgeted for deposit in the Revenue Fund during such year and (c) the amounts to be deposited or paid under Section 503.

**SECTION 704. Records, Accounts and Audits.** The Authority shall keep the funds, accounts, sub accounts, money and investments of the Monroe Connector System separate from all other funds, accounts, money and investments, if any, of the Authority and shall keep accurate records and accounts of all items of costs and of all expenditures relating to the Monroe Connector System and of the revenues collected and the application of such revenues. Such records and accounts shall be open to the inspection of the Trustee.

**SECTION 705. Compliance with Applicable Law.** So long as any Bond is Outstanding, the Authority shall comply or cause there to be compliance with all applicable laws, orders, rules, regulations and requirements of any municipal or other governmental authority relating to the construction, use and operation of the Monroe Connector System. Nothing contained in this Section shall prevent the Authority from contesting in good faith the applicability or validity of any law, ordinance, order, rules regulation, or requirement so long as its failure to comply with the same during the period of such contest will not materially impair the operation or revenue producing capability of the Monroe Connector System.

**SECTION 706. Further Instruments and Actions.** The Authority shall, from time to time, execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Trust Agreement.

**SECTION 707. Use of Revenues and Inconsistent Actions.** The Authority covenants and agrees that, so long as any of the Bonds secured hereby are Outstanding, none of the Revenues will be used for any purpose other than as provided in this Trust Agreement, and that no contract or contracts will be entered into or any action taken by which the rights of Owners of Bonds might be impaired or diminished.

**SECTION 708. Covenant as to Build America Bonds.** The Authority covenants that so long as any Build America Bonds remain Outstanding, it will comply with the procedures and requirements set forth in Sections 54AA(g) and 6431 of the Code and applicable regulations promulgated from time to time thereunder and any applicable guidance relating to Build America Bonds promulgated by the United States Department of the Treasury or Internal Revenue Service relating to Build America Bonds as necessary to allow the Authority to receive Interest Subsidy Payments with respect to the Build America Bonds. In particular, the Authority covenants to file IRS Form 8038-CP with the Internal Revenue Service, and to provide the Trustee with a copy of any such filing, as follows: (i) for fixed rate Build America Bonds, the form must be filed no earlier than 90 days prior to the next Interest Payment Date and not later than 45 days before such Interest Payment Date, and (ii) for variable rate Build America Bonds, the form must be filed for a reimbursement on a regular basis for the aggregate interest payments within 45 days after the last Interest Payment Date that is within the reimbursement period. The covenant set forth in the prior sentence shall be modified as necessary to comply with future law or further guidance from the Treasury Department or Internal Revenue Service. The Authority shall provide the Trustee with a copy of each such IRS Form 8038-CP filed with the Internal Revenue Service within 7 days of such filing.

**SECTION 709. Continuing Disclosure.** The Authority hereby undertakes, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the “MSRB”):

(a) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2011, (1) audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with NCGS Section 159-34, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within fifteen (15) days after such audited financial statements become available for distribution, and (2) to the extent available to the Authority, the audited financial statements of the State for the State’s most recent Fiscal Year, if available, or, if such audited financial statements of the State are not available, unaudited financial statements of the State for such Fiscal Year to be replaced subsequently by audited financial statements of the State to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2010A Bonds:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;

(v) issuance by the Internal Revenue Service of a proposed or final determination of taxability with respect to the Series 2010A Bonds; a Notice of Proposed Issues on IRS Form 5701-TEB with respect to the Series 2010A Bonds; adverse tax opinions or events affecting the Build America Bond status of the Build America Bonds; other material notices or determination with respect to the tax status of the Series 2010A Bonds; or other event affecting the tax status of the Series 2010A Bonds;

- (vi) defeasances;
  - (vii) rating changes;
  - (viii) tender offers; and
  - (ix) bankruptcy, insolvency, receivership or similar proceeding by the Authority;
- (c) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2010A Bonds, if material:
- (i) non-payment related defaults;
  - (ii) modification to the rights of the beneficial owners of the Series 2010A Bonds;
  - (iii) bond calls, other than bond calls relating to mandatory sinking fund redemption;
  - (iv) release, substitution or sale of any property securing repayment of the Series 2010A Bonds;
  - (v) mergers, consolidations, acquisition and sales of assets (other than in the ordinary course of business);
  - (vi) appointment of a successor or additional trustee or a change in the name of the trustee;
  - (vii) legislation shall be filed with the North Carolina General Assembly by the Governor of North Carolina or legislation is reported out of a committee in either body of the General Assembly which, if adopted in the form so filed or reported, would result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and
  - (viii) an administrative action is taken by the Governor of North Carolina, NCDOT or any other agency or authority of the State which will result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year.
- (d) within ten (10) Business Days following the occurrence of a failure, notice of a failure of the Authority to provide required annual financial information described in (a), (b) or (c) above on or before the date specified.

The Authority may meet the continuing disclosure filing requirements described above by (a) providing the required information directly to the MSRB or (b) complying with any other procedure the U.S. Securities and Exchange Commission implements.

If the Authority fails to comply with the undertaking described above, any beneficial owner of the Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default under this Trust Agreement and shall not result in any acceleration of the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Bonds.

The Authority reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c212") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Owners of the Bonds, as determined by the Trustee or bond counsel to the Authority, or by approving vote of the Owners of a majority in principal amount of the Bonds then Outstanding pursuant to the terms of this Trust Agreement at the time of the amendment.

In the event that the Authority makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Bonds.

## ARTICLE VIII

### DEFAULT AND REMEDIES

**SECTION 801. Extension of Interest Payment.** If the time for the payment of the interest on any Bond is extended, whether or not such extension is by or with the consent of the Authority, such interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Trust Agreement and in such case the Owner of the Bond for which the time for payment of interest was extended shall be entitled only to the payment in full of the principal of all Bonds then Outstanding and of interest for which the time for payment shall not have been extended.

**SECTION 802. Events of Default.** Each of the following events is hereby declared an Event of Default:

(a) payment of the principal of and the redemption premium, if any, on any of the Bonds, is not made when the same are due and payable, either at maturity or by redemption or otherwise;

(b) payment of the interest on any of the Bonds is not made when the same is due and payable;

(c) the failure of the State to appropriate the State Appropriation Revenues in the annual amount of \$24 million;

(d) final judgment for the payment of money in excess of \$1,000,000 is rendered against the Monroe Connector System, or an identified Other Revenue Project pursuant to Section 702, as a result of the ownership, control or operation of the Monroe Connector System or such Other Revenue Project and any such judgment is not discharged within one hundred twenty (120) days from the entry thereof or an appeal is not taken therefrom or from the order, decree or process upon which or pursuant to which such



judgment shall have been granted or entered, in such manner as to stay the execution of or levy under such judgment, order, decree or process or the enforcement thereof; or

(e) the Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or this Trust Agreement, and such default continues for thirty (30) days after receipt by the Authority of a written notice from the Trustee specifying such default and requesting that it be corrected, provided that if prior to the expiration of such thirty day period the Authority institutes action reasonably designed to cure such default, no "Event of Default" shall be deemed to have occurred upon the expiration of such thirty day period for so long as the Authority pursues such curative action with reasonable diligence.

**SECTION 803. No Acceleration of Maturities.** Notwithstanding anything in this Trust Agreement, in no event shall there be any acceleration of payment of principal of or interest on any Bonds as a result of the occurrence of any Event of Default under Section 802 or otherwise.

**SECTION 804. Remedies.** Upon the happening and continuance of any Event of Default specified in Section 802, then and in every such case the Trustee may, and upon the written request of the Owners of not less than 25% in aggregate principal amount of the Bonds then Outstanding shall, (subject to the provisions of Section 902) proceed to protect and enforce its rights and the rights of the Owners of the Bonds under applicable laws and under this Trust Agreement by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, chosen by the Trustee, shall deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under this Trust Agreement, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any Event of Default becoming, and at any time remaining, due from the Authority for principal, interest or otherwise under any of the provisions of this Trust Agreement or of the Bonds and unpaid, with interest on overdue payments of principal at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds without prejudice to any other right or remedy of the Trustee or of the Owners of the Bonds (except to the extent provided in this Trust Agreement), and to recover and enforce any judgment or decree against the Authority, but solely as provided herein and in such Bonds, for any portion of such amounts remaining unpaid and interest, costs and expenses as above provided, and to collect (but solely from moneys in the funds and accounts pledged to secure the Bonds under the provisions of this Trust Agreement and any other moneys available for such purpose) in any manner provided by law, the moneys adjudged or decreed to be payable.

If an Event of Default shall occur and be continuing, then, unless the same shall then be prohibited under applicable law, a court of competent jurisdiction may appoint a receiver, with full power to pay and to provide for the payment of principal of and interest on the Bonds as the same shall become due, whether at maturity, pursuant to mandatory sinking fund redemption or otherwise, out of the funds and accounts available therefor, to apply Revenues derived from such operation in accordance with the provisions of this Trust Agreement, and to take such action to the extent permitted by law to cause to be remedied any Event of Default which shall occur or shall have occurred and be continuing; and with such other powers, subject to the direction of said court, as are accorded to receivers in general equity cases and under the applicable provisions of the laws of North Carolina; provided, that the power of such receiver to make provisions for the payment of principal of and interest on Bonds as aforesaid shall not be construed as including the power to pledge the general credit of the Authority to such payments. Any



appointment of a receiver under the foregoing provision shall not, by itself, constitute a separate Event of Default under Section 802.

**SECTION 805. *Pro Rata Application of Funds.*** Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Interest Account, the Principal Account and the Sinking Fund Account of the Debt Service Fund is not sufficient to pay the interest on or the principal of the Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purposes (except for such money that has already been deposited in the Interest Account, Principal Account or Sinking Fund Account for a the Bonds pursuant to the provisions of Section 503), whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied, after payment of the reasonable fees and expenses of the Trustee in exercising its rights and remedies hereunder and the payment of any other fees and expenses of the Trustee due under this Trust Agreement:

first: to the payment to the persons entitled thereto of all installments of interest on Bonds then due and payable in the order in which such installments became due and payable and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment, ratably according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in such Bonds;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that shall have become due and payable (other than Bonds deemed to have been paid pursuant to the provisions of Section 1201 of this Trust Agreement), in the order of their due dates, with interest on the overdue principal at a rate equal to the rate on such Bonds, and, if the amount available shall not be sufficient to pay in full all of the amounts due on the Bonds on any date, together with such interest, then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto, without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds, to the purchase and retirement of Bonds, and to the redemption of Bonds, all in accordance with the provisions of this Trust Agreement.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, (a) such money shall be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion shall determine, having due regard for the amount of money available for such application and the likelihood of additional money becoming available for such application in the future, (b) setting aside such money as provided herein in trust for the proper purpose shall constitute proper application by the Trustee and (c) the Trustee shall incur no liability whatsoever to the Authority, to any Owner or to any other person for any delay in applying any such money so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Trustee. Whenever the Trustee exercises such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the fixing of any such date and shall not be required to make payment to the Owner of any Bond until such Bond is surrendered to the Trustee for appropriate endorsement or for cancellation if fully paid.

For purposes of the Section, the calculation of “installments of interest then due and payable” on Build America Bonds is not reduced by the amount of any expected Interest Subsidy Payments relating thereto.

**SECTION 806. Effect of Discontinuance of Proceedings.** If any proceeding taken by the Trustee or Owners of Bonds on account of any Event of Default is discontinued or abandoned for any reason, then and in every such case, the Authority, the Trustee and the Owners shall be restored to their former positions and rights hereunder, and all rights, remedies, powers and duties of the Trustee shall continue as though no proceedings had been taken.

**SECTION 807. Control of Proceedings.** Anything in this Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of Bonds at any time Outstanding shall have the right, subject to the provisions of Section 902, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement.

**SECTION 808. Restrictions Upon Action.** Except as provided in Section 813, no Owner of Bonds shall have any right to institute any suit, action or proceeding in equity or at law on any Bonds or for the execution of any trust hereunder or for any other remedy hereunder unless such Owner of Bonds previously (a) has given to the Trustee written notice of the Event of Default on account of which suit, action or proceeding is to be instituted, (b) has requested the Trustee to take action after the right to exercise such powers or right of action, as the case may be, shall have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and (d) has offered to the Trustee reasonable security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Owners of Bonds. It is understood and intended that, except as otherwise above provided, no one or more Owners of Bonds shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Owners of Bonds and that any individual rights of action or other right given to one or more of such Owners by law are restricted by this Trust Agreement to the rights and remedies herein provided.

**SECTION 809. Enforcement of Rights of Action.** All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Bonds may be enforced by the Trustee without the possession of any Bonds or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any Owners of Bonds, and any recovery of judgment shall be for the equal benefit of the Owners of Bonds, subject to the provisions of this Trust Agreement.

**SECTION 810. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Trustee or to the Owners of Bonds is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

**SECTION 811. Delay Not a Waiver.** No delay or omission by the Trustee or of any Owner of Bonds in the exercise of any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein, and every power or remedy given by this Trust Agreement to the Trustee and to the Owners of Bonds may be exercised from time to time and as often as may be deemed expedient.

The Trustee may, and upon written request of the Owners of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any Event of Default which in Its opinion has been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any other remedies' under this Trust Agreement, but no such waiver shall extend to or affect any other existing or subsequent Event of Default or impair any rights or remedies consequent thereon.

**SECTION 812. Notice of Default.** The Trustee shall mail to all Owners of Bonds at their addresses as they appear on the registration books written notice of the occurrence of any Event of Default within thirty (30) days after the Trustee has notice of the same pursuant to the provisions of Section 908 that any such Event of Default shall have occurred; provided, however that, except upon the happening of an Event of Default specified in clauses (a) and (b) of Section 802 of this Trust Agreement, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of such Owners. The Trustee shall not be subject to any liability to any such Owner by reason of its failure to mail any such notice.

**SECTION 813. Right to Enforce Payment of Bonds Unimpaired.** Nothing in this Article shall affect or impair the right of any Owner of Bonds to enforce the payment of the principal of and interest on his Bond or the obligation of the Authority to pay the principal of and interest on each Bond to the Owner thereof at the time and place specified in said Bond.

## ARTICLE IX

### THE TRUSTEE AND BOND REGISTRARS

**SECTION 901. Acceptance of Trusts.** The Trustee by execution hereof accepts and agrees to fulfill the trusts imposed upon it by this Trust Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement, to all of which the Authority, the Trustee and the respective Owners of the Bonds agree. Prior to the occurrence of any Event of Default and after the curing of all such Events of Default that may have occurred, the Trustee shall perform such duties and only such duties of the Trustee as are specifically set forth in this Trust Agreement. Upon the occurrence and during the continuation of any Event of Default, the Trustee shall use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

No provision of this Trust Agreement shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default hereunder, and after the curing of any Event of Default that may have occurred:

(i) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Trust Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement



against the Trustee and no permissive right of the Trustee under this Trust Agreement shall impose any duty on the Trustee to take such action, and

(ii) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Trust Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not on its face it conforms to the requirements of this Trust Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

None of the provisions contained in this Trust Agreement shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

**SECTION 902. *Indemnification of Trustee as Condition for Remedial Action.*** The Trustee shall be under no obligation to institute any suit or to take any remedial proceeding (including, but not limited to, the appointment of a receiver) or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Authority, at the request of the Trustee, shall reimburse the Trustee from Revenues for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Authority shall fail to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding.

**SECTION 903. *Limitations on Obligations and Responsibilities of Trustee.*** The Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the Authority, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts under this Trust Agreement, the Trustee shall have no responsibility in respect of the validity or sufficiency of this Trust Agreement, or in respect of the validity of Bonds or the due issuance or execution and delivery thereof. The Trustee shall be under no obligation to see that any duties herein imposed upon the Authority, any Bond Registrar, any consultant, any Depositary (other than a Depositary in which money shall have been deposited by the Trustee under the provisions of this Trust Agreement) or any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

**SECTION 904. *Trustee Not Liable for Failure of Authority to Act.*** The Trustee shall not be liable or responsible because of the failure of the Authority or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the Authority or because of the loss of any money arising through the insolvency or the act or default or omission of any Depositary (other than

the Trustee or a Depositary in which such money shall have been deposited by the Trustee under the provisions of this Trust Agreement). The Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and invested, paid out, withdrawn or transferred hereunder if such application, investment, payment, withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Trustee hereunder shall extend to its directors, officers, employees and agents.

**SECTION 905. *Compensation and Indemnification of Trustee and Bond Registrar.*** Subject to the provisions of any contract between the Authority and the Trustee or any Bond Registrar relating to the compensation of the Trustee or such Bond Registrar, the Authority shall pay to the Trustee and each Bond Registrar from Revenues reasonable compensation for all services performed by them hereunder and also all their reasonable expenses, charges and other disbursements and those of their attorneys, agents and employees incurred in and about the administration and the performance of their powers and duties hereunder and, to the extent permitted by law, shall indemnify and save the Trustee and each Bond Registrar harmless against any liabilities that they may incur in the proper exercise and performance of their powers and duties hereunder. If the Authority shall fail to cause any payment required by this Section to be made, the Trustee and each Bond Registrar may make such payment from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The Authority covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Trustee to make any such payment.

**SECTION 906. *Monthly Statements from Trustee.*** It shall be the duty of the Trustee, on or before the 10th day of each month, to file with the Authority a statement setting forth in respect of the preceding calendar month:

- (a) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund, account or subaccount held by it under the provisions of this Trust Agreement,
- (b) the amount on deposit with it at the end of such month in each such fund, account or subaccount,
- (c) a brief description of all obligations held by it as an investment of money in each such fund, account or subaccount,
- (d) the amount applied to the payment, purchase or redemption of Bonds under the provisions of Article V and a description of the Bonds or portions thereof so paid, purchased or redeemed, and
- (e) any other information that the Authority may reasonably request.

All records and files pertaining to Bonds and the Monroe Connector System in the custody of the Trustee not otherwise restricted or excluded from disclosure by the terms of this Trust Agreement, including, without limitation, Section 1002, shall be open at all reasonable times to the inspection of the Authority and its agents and representatives.

**SECTION 907. *Trustee May Rely on Certificates.*** If at any time it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be

evidence of such fact or protect the Trustee in any action that it may or may not take or in respect of anything it may or may not do, in absence of willful misconduct, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the Authority to the Trustee shall be deemed to have been signed by the proper party or parties if signed by any Authorized Officer, and the Trustee may accept and rely upon a certificate signed by any Authorized Officer as to any action taken by the Authority.

**SECTION 908. Notice of Default.** Except upon the happening of any Event of Default specified in subsections (a) or (b) of Section 802, the Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Trust Agreement unless specifically notified in writing of such Event of Default by the Authority or the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

**SECTION 909. Trustee Not Responsible for Recitals.** The recitals, statements and representations contained herein and in the Bonds shall be taken and construed as made by and on the part of the Authority and not by the Trustee, and the Trustee assumes and shall be under no responsibility for the correctness of the same.

**SECTION 910. Trustee Protected in Relying on Certain Documents.** The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in absence of willful misconduct, reasonably and in accordance with the terms of this Trust Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document that it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Trust Agreement, or upon the written opinion of any attorney, engineer or accountant believed by the Trustee to be qualified in relation to the subject matter, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement or otherwise to the giving to any person of notice of the provisions hereof.

**SECTION 911. Trustee May Pay Taxes and Assessments.** In case the Authority shall fail to pay or cause to be paid any lawful tax, assessment or governmental charge or other charge upon any part of the Authority to the extent, if any, that the Authority may be deemed by the Trustee liable for same, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Owners of Bonds arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Trustee by the Authority, but the Trustee shall be under no obligation to make any such payment from sources provided in this Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

**SECTION 912. Resignation and Removal of Trustee Subject to Appointment of Successor.** No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 915.

**SECTION 913. Resignation of Trustee.** Subject to the provisions of Section 912, the Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the Authority, and mailed, postage prepaid, at the Trustee's expense, to each Owner of Bonds, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Trustee hereunder if such new Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.



**SECTION 914. Removal of Trustee.** The Trustee may be removed at any time by an instrument or concurrent instruments in writing, (i) executed by the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the Authority, or (ii) executed by an Authorized Officer, so long as no Event of Default shall have occurred and be continuing, in either case not less than sixty (60) days before such removal is to take effect as stated in said instrument of instruments. A photographic copy of any order, instrument or instruments filed with the Authority under the provisions of this paragraph, duly certified by an officer of the Authority as having been received by the Authority, shall be delivered promptly by the Authority to the Trustee.

The Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Authority or the Owners of not less than 25% in aggregate principal amount of Bonds then Outstanding.

**SECTION 915. Appointment of Successor Trustee.** Subject to Section 912, if at any time hereafter the Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Trustee shall be taken over by any governmental official, agency, department or board, the positions of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any reason, the Authority shall appoint a Trustee to fill such vacancy. A successor Trustee shall not be required if the Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Trustee is required by operation of law, provided that such vendee, assignee or transferee is (i) a bank or trust company within or without the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing, and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000). The Authority shall mail notice of any such appointment made by it, postage prepaid, to all Owners of Bonds.

At any time within sixty (60) days after any such vacancy shall have occurred, the Owners of not less than 25% in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Owners and filed with the Authority, may nominate a successor Trustee, which the Authority shall appoint and which shall supersede any Trustee theretofore appointed by the Authority. Photographic copies, duly certified by an officer of the Authority as having been received by the Authority, of each such instrument shall be delivered promptly by the Authority to the predecessor Trustee and to the Trustee so appointed by such Owners.

If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section, any Owner of Bonds or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Any successor Trustee hereafter appointed shall be (i) a bank or trust company within or without the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, (ii) of good standing and (iii) having a combined capital, surplus and undivided profits aggregating not less than One Hundred Million Dollars (\$100,000,000).

**SECTION 916. Vesting of Duties in Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the Authority, an instrument in writing accepting such appointment hereunder, and thereupon such successor Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written



request of its successor or of the Authority and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905, execute and deliver an instrument transferring to such successor Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee for more fully and certainly vesting in such Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Trustee, any such instrument in writing shall and will, on request, be executed, acknowledged and delivered by the Authority.

**SECTION 917. *Removal and Resignation of Bond Registrar.*** A Bond Registrar may be removed at anytime, with or without cause, by the Authority upon forty-five (45) days' written notice by the Authority to such Bond Registrar. A copy of such written notice shall be delivered promptly by the Authority to the Trustee. Upon receipt of such notice, the Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Owners not less than thirty (30) days before such removal is to take effect. All costs in connection with such notice shall be borne by the Authority.

A Bond Registrar may resign and thereby become discharged from the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement, by written notice delivered to the Authority and the Trustee. Upon receipt of such notice the Trustee shall cause notice of such resignation to be mailed, postage prepaid, at such Bond Registrar's expense, to the Owners not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Registrar hereunder if such new Bond Registrar shall be appointed before the time limited by such notice and shall then accept the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. If at any time thereafter a Bond Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be taken over by any governmental official, agency, department or board, the position of Bond registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant for any reason, the Authority shall appoint a Bond Registrar to fill such vacancy. A successor Bond Registrar shall not be required if a Bond Registrar shall sell or assign substantially all of its business and the vendee or assignee shall be qualified in the sole judgment of the Authority to carry out the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. The Authority shall promptly deliver written notice of any such appointment by it to the Trustee and mail such notice, postage prepaid, to all Owners of the applicable Bonds.

**SECTION 918. *Co-Trustee.*** At any time, but subject to compliance with all applicable regulations, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the trust estate may at the time be located, the Authority and the Trustee shall have power to appoint an additional institution or individual as a co-trustee or separate trustee, and upon the request of the Trustee or of 10% in aggregate principal amount of Bonds then Outstanding the Authority shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint such institution or individual to act as co-trustee jointly with the Trustee or as a separate trustee of all or any part of the trust estate, and to vest in such person or institution, in such capacity, such title to the trust estate, or any part thereof, and such rights, powers, duties, trusts or obligations as the Authority and the Trustee may consider necessary or desirable, subject to the remaining provisions of this Section.

If the Authority shall not have made such appointment within 30 days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have the power to make such appointment.

The Trustee and the Authority shall execute, acknowledge and deliver all such instruments as may be reasonably required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

(a) Bonds shall be authenticated and delivered, if applicable, and all rights, powers, trusts, duties and obligations by this Trust Agreement conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee;

(b) all rights, powers, trusts, duties and obligations conferred or imposed upon the Trustee by this Trust Agreement shall be conferred or imposed upon or exercised or performed by the Trustee, or by the Trustee and such co-trustee, or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or separate trustee;

(c) any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-trustee or separate trustee;

(d) any co-trustee or separate trustee to the extent permitted by law may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise;

(e) the Trustee at any time by an instrument in writing with the concurrence of the Authority may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section and in case an event of default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of or remove any such co-trustee or separate trustee without the concurrence of the Authority, and upon the request of the Trustee, the Authority shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section;

(f) no Trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder;

(g) any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by the Owners of Bonds and delivered to the Trustee shall be deemed to have been delivered to each such co-trustee or separate trustee; and

(h) any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee,

Upon the acceptance in writing of such appointment, any such co-trustee or separate trustee shall be vested with such title to the trust estate or any part thereof, and with such rights, powers, duties, trusts or obligations as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to

all the terms of this Trust Agreement. Every such acceptance shall be filed with the Trustee and the Authority.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the trust estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

## **ARTICLE X**

### **EXECUTION OF INSTRUMENTS BY OWNERS, PROOF OF OWNERSHIP OF BONDS AND DETERMINATION OF CONCURRENCE OF OWNERS**

**SECTION 1001. *Execution of Instruments.*** Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Owners of Bonds may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owners or their attorneys or legal representatives or legal representative of his estate if the Owner is deceased. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Trustee and the Authority with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification, by any officer in any jurisdiction who by the laws thereof has power to take affidavits within such jurisdictions, to the effect that such instrument was subscribed and sworn to before him or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of this Trust Agreement.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Owner of Bonds shall bind every future Owner of the same in respect of anything done by the Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section, the Trustee shall not be required to recognize any person as an Owner of Bonds or to take any action at such an Owner's request unless such Bonds shall be deposited with it.

**SECTION 1002. *Preservation of Information: Communications.*** The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Owners received by the Trustee from the Bond Registrar.

(a) If an Owner which is a Securities Depository Nominee or three or more Owners which are not Securities Depository Nominees (hereinafter collectively referred to as "*applicants*") apply in writing to the Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants

desire to communicate with other Owners with respect to their rights under this Trust Agreement or under the Bonds and such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with the first paragraph of this Section, or

(ii) inform such applicants as to the approximate number of Owners whose names and addresses appear in the information preserved at the time by the Trustee in accordance with the first paragraph of this Section, and as to the approximate cost of mailing to such Owners the form of communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Owner whose name and address appears in the information preserved at the time by the Trustee in accordance with the first paragraph of this Section a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(b) Every Owner, by receiving and holding one or more Bonds, agrees with the Authority and the Trustee that neither the Authority nor the Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Owners in accordance with subsection (a) of this Section, regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

## ARTICLE XI

### SUPPLEMENTAL TRUST AGREEMENTS

**SECTION 1101.** Supplemental Trust Agreement Without Consent. The Authority and the Trustee may, from time to time and at any time, execute and deliver supplemental trust agreements hereto (which supplemental trust agreements shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or

(b) to grant or to confer upon the Trustee, for the benefit of the Owners, any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee, or

(c) to add to the provisions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the Authority in this Trust Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, or



(e) to make revisions to conform with a pledge of the balance in the Revenue Fund described in Section 503(d) to the Revenue Bonds or Other Revenue Bonds, to provide for the use of amounts in the Project Fund for an Other Revenue Project pursuant to Section 702(a), or to facilitate identification and allocation of State Appropriated Revenues if a change in the Project occurs as described in Section 702(a), or

(f) to permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any state blue sky law, and, in connection therewith, if the Authority so determines, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or blue sky law; or

(g) to make any other change in this Trust Agreement which, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause a notice of the proposed execution and delivery of such supplemental trust agreement to be mailed, postage prepaid, to all Owners of Bonds. Such notice shall briefly set forth in the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of Bonds. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental trust agreement.

**SECTION 1102. Supplemental Trust Agreement with Consent.** Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery of such supplemental trust agreements as are deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement or in any supplemental trust agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds without the consent of the Owner of such Bonds, (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest on any Bonds without the consent of the Owner of such Bonds, (c) the creation of a pledge, charge and lien upon the Revenues other than the pledge, charge and lien created by, or a pledge, charge and lien permitted by, this Trust Agreement without the consent of all of the Owners of the Bonds then Outstanding, (d) a preference or priority of any Bonds over any other Bonds except as expressly provided by this Trust Agreement without the consent of all of the Owners of the Bonds then Outstanding or (e) a reduction in the aggregate principal amount of the any Bonds required for consent to such supplemental trust agreement without the consent of all of the Owners of the Bonds then Outstanding.

Nothing herein contained, however, shall be construed as making necessary the approval by Owners of Bonds of the execution and delivery of any supplemental trust agreement as authorized in Section 1101. Furthermore, notwithstanding the foregoing provisions of this Section, to the extent that the Owners of Bonds are not "affected" by the proposed supplemental trust agreement as provided in Section 1103, the consent of such Owners of not less than a majority in aggregate principal amount of Bonds shall not be required as provided in the preceding paragraph.

If at any time the Authority and the Trustee determines that it is necessary or desirable to execute and deliver any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to all Owners of

Bonds affected thereby at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all such Owners of Bonds. The Trustee shall not, however, be subject to any liability to any Owner of Bonds by reason of its failure to cause the notice required by this Section to be mailed, and any such failure to cause the notice required by this Section to be mailed and any such failure shall not affect the validity of such supplemental trust agreement when consented to and approved as provided in this Section.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the Authority delivers to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding that are affected by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner of any Bonds whether or not such Owner shall have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of any Bonds then Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected, as defined in Section 1103, by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner of any Bonds shall have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Authority and the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

**SECTION 1103. Bonds Affected.** For purposes of this Trust Agreement, Bonds shall be deemed to be affected by a supplemental trust agreement if the same adversely affects or diminishes the rights of the Owners of such Bonds against the Authority or the rights of such Owners in the security for such Bonds. The Trustee may in its discretion determine whether any Bonds would be affected by any supplemental trust agreement, and any such determination shall be conclusive upon the Owners of all Bonds, whether theretofore or thereafter issued or incurred. The Trustee shall not be liable for any such determination made in good faith.

**SECTION 1104. Supplemental Trust Agreements Part of Trust Agreement.** Any supplemental trust agreement executed and delivered in accordance with the provisions of this Article shall thereafter form a part of this Trust Agreement, and this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith. Thereafter the respective rights, duties and obligations under the Trust Agreement of the Authority, the Trustee and all Owners of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Trust Agreement as so modified and amended. If any supplemental trust agreement is executed and delivered, Bonds issued thereafter may contain an express reference to such supplemental trust agreement, if deemed necessary or desirable by the Authority.

**SECTION 1105. Not a Supplemental Trust Agreement.** For purpose of this Article, a supplemental agreement that relates only to the issuance of Bonds for the purpose of refunding all or a portion of the Bonds and paying the costs of issuance associated therewith as provided in Section 208 hereof shall not be deemed or considered to be a supplemental trust agreement for purposes of this Article and may be executed without complying with the provisions of this Article.

## ARTICLE XII

### DEFEASANCE

#### SECTION 1201. *Release of Trust Agreement.* When:

(a) the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement, and the whole amount of the principal and the interest and premium, if any, and other amounts so due and payable thereon shall be paid; and

(b) if the Bonds shall not have become due and payable in accordance with their terms, the Trustee or any Bond Registrar shall hold, sufficient (i) money or (ii) Defeasance Obligations or a combination of (i) and (ii) of this clause (b), the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest (assuming for this calculation that no subsequent Interest Subsidy Payments are to be received) and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, as verified by a verification agent acceptable to the Trustee; and

(c) if Bonds are to be called for redemption or prepayment, irrevocable instructions to call the Bonds for redemption or prepayment shall have been given by the Authority to the Trustee; and

(d) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Authority;

then and in that case the right, title and interest of the Trustee in the funds, accounts and subaccounts mentioned in this Trust Agreement shall thereupon cease, determine and become void and, upon being furnished with an opinion, in form and substance satisfactory to the Trustee, of counsel approved by the Trustee, to the effect that all conditions precedent to the release of this Trust Agreement have been satisfied, the Trustee shall release this Trust Agreement and shall execute such documents to evidence such release as may be required by such counsel, and the Trustee shall turn over to the Authority any surplus in, and all balances remaining in, all funds, accounts and sub accounts other than money held for the redemption or payment of Bonds. Otherwise, this Trust Agreement shall be, continue and remain in full force and effect; provided, however, that in the event Defeasance Obligations shall be deposited with and held by the Trustee or the Bond Registrar as hereinabove provided, (i) in addition to the requirements set forth in Article III, the Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Trustee to be mailed, postage prepaid, to all Owners of Bonds, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that this Trust Agreement has been released in accordance with the provisions of this Section, and (ii) (a) the Trustee shall nevertheless retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited and (b) each Bond Registrar shall retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds; provided, however, that failure to mail such notice to any Owner or to the Owners or any defect in such notice so mailed, shall not affect the validity of the release of this Trust Agreement.

All money and Defeasance Obligations held by the Trustee or any Bond Registrar pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith.



## ARTICLE XIII

### MISCELLANEOUS PROVISIONS

**SECTION 1301. *Successorship of Authority.*** In the event the Authority for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the covenants, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "Authority" as used in this Trust Agreement shall include such successor or successors.

**SECTION 1302. *Successorship of Depository and Bond Registrar.*** Any bank or trust company with or into which a Depository or Bond Registrar may be merged or consolidated, or to which the assets and business of such Depository or Bond Registrar may be sold, shall be deemed the successor of such Depository or Bond Registrar for the purposes of this Trust Agreement. If the position of any Depository shall become vacant for any reason or the position of Bond Registrar shall become vacant for any reason not provided for by Section 917, the Authority shall appoint a bank or trust company to fill such vacancy within 30 days thereafter; provided, however, that if the Authority shall fail to appoint such Depository or Bond Registrar within such period, the Trustee shall make such appointment; provided, however, that the Trustee shall not be liable for the failure to make such appointment.

**SECTION 1303. *Manner of Giving Notice.*** All notices, demands, directions and requests to be given to or made hereunder by the Authority or the Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

(a) As to the Authority--

North Carolina Turnpike Authority  
5400 Glenwood Avenue, Suite 400  
Raleigh, North Carolina 27612  
Attention: Chief Financial Officer

and to

North Carolina Department of Transportation  
1 South Wilmington Street  
Raleigh, North Carolina 27601  
Attention : Chief Financial Officer

(b) As to the Trustee--

Wells Fargo Bank, N.A.  
225 Water Street, Suite 410  
Jacksonville, Florida 32202  
Attention: Corporate Trust Services  
Fax: (904) 489-3759  
Email: [Christopher.tracy@wellsfargo.com](mailto:Christopher.tracy@wellsfargo.com)  
Attention: Corporate Trust Services

(c) As to the Local Government Commission--

North Carolina Local Government Commission  
325 Salisbury Street  
Raleigh, NC 27602  
Attention: Secretary

Any such notice, demand or request may also be transmitted to the appropriate abovementioned party by facsimile or electronic mail and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered or certified mail, return receipt requested, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Trustee under the provisions of this Trust Agreement, or photographic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 1201, subject at all reasonable times to the inspection of the Authority, any Owner and the agents and representatives thereof.

**SECTION 1304. Substitute Mailing.** If, because of the temporary or permanent suspension of postal service, the Authority or the Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the Authority or the Trustee shall give notice in such other manner as in the judgment of the Authority or the Trustee shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

**SECTION 1305. Parties, Bond Registrar and Owners Alone Have Rights under Trust Agreement.** Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Trustee, each Bond Registrar, the Authority, the Owners of Bonds any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Trustee, the Authority, each Bond Registrar, the Owners of Bonds.

**SECTION 1306. Effect of Partial Invalidity.** In case anyone or more of the provisions of this Trust Agreement or any Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement or such other documents or instruments, but this Trust Agreement and such other documents or instruments shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Trust Agreement such other documents or instruments shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

**SECTION 1307. Effect of Covenants: Governing Law.** All covenants, stipulations, obligations and agreements of the Authority contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the State. This Trust Agreement is executed and delivered with the intent that the laws of the State shall govern its construction.

**SECTION 1308. No Recourse Against Members, Officers or Employees of Authority or NCDOT.** No recourse under, or upon, any statement, obligation, covenant or agreement contained in this Trust Agreement, or in any Bond hereby secured, or in any document or certification whatsoever, or under any judgment obtained against the Authority, or by the enforcement of any assessment, or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee of the Authority or NCDOT, either directly or through the Authority for the payment for or to, the Authority or any receiver of the Authority, or for, or to, any Owner of Bonds or otherwise, of any sum that may be due and unpaid upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Authority or any receiver of the Authority, or for, or to, any Owner of Bonds or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the adoption of this Trust Agreement and the issuance of Bonds.

**SECTION 1309. Dealing in Bonds.** The Trustee and any Bond Registrar, and their directors, officers, employees or agents, and any officer, employee or agent of the Authority or NCDOT, may in good faith, buy, sell, own, hold and deal in any Bonds and may join in any action which any Owner thereof may be entitled to take with like effects as if such Trustee were not a Trustee and such bank or trust company were not the Bond Registrar under this Trust Agreement or as if such officer, employee or agent of the Authority did not serve in such capacity.

**SECTION 1310. Headings.** Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

**SECTION 1311. Further Authority.** The officers of the Authority or NCDOT, attorneys, engineers and other agents or employees of the Authority are hereby authorized to do all acts and things required of them by this Trust Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Trust Agreement.

**SECTION 1312. Payment Due on Holidays.** If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Trust Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Trust Agreement.

**SECTION 1313. Multiple Counterparts.** This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

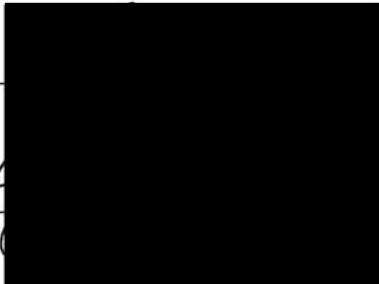
IN WITNESS WHEREOF, the Authority, NCDOT and the Trustee have caused this Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

[SEAL]

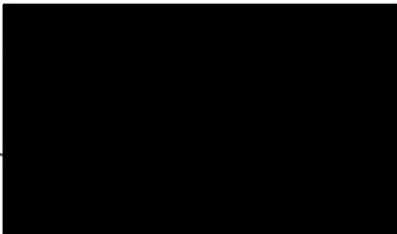


**NORTH CAROLINA TURNPIKE AUTHORITY**

By: \_\_\_\_\_  
By: \_\_\_\_\_

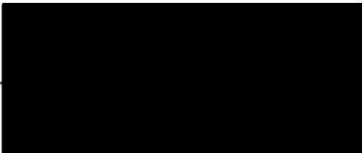
A large black rectangular redaction box covers the signature area for the North Carolina Turnpike Authority.

Attest: \_\_\_\_\_

A large black rectangular redaction box covers the attestation area for the North Carolina Turnpike Authority.

**NORTH CAROLINA DEPARTMENT OF  
TRANSPORTATION**

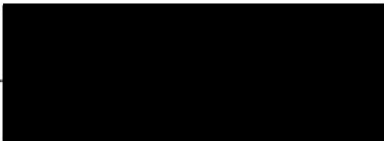
By: \_\_\_\_\_

A black rectangular redaction box covers the signature area for the North Carolina Department of Transportation.

**WELLS FARGO BANK, N.A., as Trustee**

[SEAL]

By: \_\_\_\_\_

A black rectangular redaction box covers the signature area for Wells Fargo Bank, N.A.

Attest: \_\_\_\_\_  
Title: \_\_\_\_\_

A large black rectangular redaction box covers the attestation area for Wells Fargo Bank, N.A.

**EXHIBIT A**

Requisition No. \_\_\_\_

**FORM OF REQUISITION AND CERTIFICATE**

\_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Dear Sir or Madam:

On behalf of the North Carolina Turnpike Authority (the "*Authority*"), in connection with \$233,920,000 State Appropriation Revenue Bonds (Monroe Connector System), Series 2010A (Federally Taxable - Build America Bonds) (the "*Bonds*") issued by the Authority, I hereby requisition from you funds held in the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds Project Fund (the "*Project Fund*") in accordance with the Trust Agreement, dated as of October 1, 2010 (the "*Trust Agreement*"), between the Authority and yourself, as trustee (the "*Trustee*"), the sum of \$\_\_\_\_\_ payable to \_\_\_\_\_ for \_\_\_\_\_,

☐ Check if requisition is to fund or reimburse the revolving fund authorized by Section 404 of the Trust Agreement.

I hereby certify that (a) the obligation to make such payment was incurred by the Authority in connection with the construction and equipping of the Project or is a cost of issuance relating to the issuance of the Bonds, is presently due and payable, is a proper charge against the Project Fund and has not been the basis for any prior requisition which has been paid; (b) the Authority has not received written notice of any lien, right to lien or attachment upon, or claim affecting the right of such payee to receive payment of any of the money payable under this requisition to any of the persons, firms or corporations named herein, or if any notice of any such lien, attachment or claim has been received, such lien, attachment or claim has been satisfied or discharged or will be satisfied or discharged upon payment of this requisition or provision made to adequately protect the Trustee and the Owners from incurring any loss as a result of the same; and (c) this requisition contains no items representing payment on account of any retainage which the Authority is entitled to retain at this date.

[Insert one of the two following paragraphs as applicable]

**[I hereby further certify that such requisition contains no items for the payment of the purchase price or cost of any lands, property, property rights, rights-of-way, easements, franchises or interests in or relating to lands, other than lands, property, property rights, rights-of-way, easements, franchises or interests already constituting a part of the Monroe Connector System.**

**I hereby further certify that the land, property, property rights, rights of way, easements, franchises or other interest being acquired by the Authority in connection with this requisition are being acquired by the Authority in furtherance of the construction or acquisition of the Project.]**

All capitalized terms not otherwise defined herein shall have the same meaning in the Trust Agreement.

---

Authorized Officer



**EXHIBIT B**

**FORM OF SERIES 2010A BOND**

R-\_\_\_\_\_

\$\_\_\_\_\_

United States of America  
State of North Carolina

**NORTH CAROLINA TURNPIKE AUTHORITY  
MONROE CONNECTOR SYSTEM STATE  
APPROPRIATION REVENUE BOND, SERIES 2010A  
(FEDERALLY TAXABLE - BUILD AMERICA BOND)**

**Interest Rate**

**Maturity Date**

**CUSIP**

%

January 1, 20\_\_

The North Carolina Turnpike Authority, (the "*Authority*"), a body corporate and politic and public instrumentality duly organized and existing under the laws of the State of North Carolina, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO. or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, N.A., initially its office in Jacksonville, Florida (the "*Bond Registrar*"), the principal sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_).

The Authority also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to January 1, 2011, in which event it shall bear interest from its date, payable on January 1 and July 1 of each year, beginning January 1, 2011, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date (as defined in the Trust Agreement hereinafter mentioned) for the payment of such defaulted interest to be fixed by the Trustee (hereinafter mentioned), notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2010A Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Trust Agreement. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Authority designated "Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds)" (the "*Series 2010A Bonds*"), issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act (as defined in the Trust Agreement), an order of the



Authority adopted on October 6, 2010, authorizing the issuance of the Series 2010A Bonds, a Trust Agreement, dated as of October 1, 2010 (the "*Trust Agreement*"), between the Authority and Wells Fargo Bank, N.A., as trustee (in such capacity, the "*Trustee*"). The Series 2010A Bonds are being issued, with certain other bonds of the Authority (together with the Series 2010A Bonds, the "*Bonds*"), for the purpose of providing funds, together with any other available funds, (a) to pay the costs of land acquisition, design, construction and equipping of the Monroe Connector System, (b) to provide funds to pay a portion of the interest on the Bonds until July 1, 2014, (c) to fund the Reserve Fund for the Bonds and (d) to pay the costs incurred in connection with the issuance of the Bonds.

The Series 2010A Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Trust Agreement. One bond certificate with respect to each date on which the Series 2010A Bonds are stated to mature, in the aggregate principal amount of the Series 2010A Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("*DTC*"), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2010A Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2010A Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of or redemption premium, if any, and interest on this bond shall be made in accordance with the existing arrangements between the Bond Registrar and DTC.

The Series 2010A Bonds are special obligations of the Authority secured by a pledge, charge and lien upon Revenues. Pursuant to the Trust Agreement, the "*Revenues*" consist of (a) any funds appropriated to the Authority by the State of North Carolina pursuant to G.S. 136-176 or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on Bonds issued to finance the Monroe Connector System or to fund debt service reserves, operating reserves or similar reserves, (b) interest subsidy payments paid to the Authority from the United States Treasury under the "Build America Bond" program made in connection with the Series 2010A Bonds in an amount equal to 35% of the corresponding interest payable on the Series 2010A Bonds, and (c) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund, the Debt Service Fund or the Reserve Fund (as such terms are hereafter defined). The Authority is not obligated to pay the principal of or the interest on the Series 2010A Bonds except as provided in the Trust Agreement from Revenues or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Authority is pledged to the payment of the principal of and the interest on the Series 2010A Bonds.

Reference is made to the Trust Agreement for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the registered owners of the Series 2010A Bonds. Copies of the Trust Agreement will be available for inspection by any registered owner of the Series 2010A Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Trust Agreement.

The Trust Agreement provides for the creation of a special fund designated "North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bond Debt Service Fund"

(the “*Debt Service Fund*”). Pursuant to the Trust Agreement, special accounts have been created within the Debt Service Fund with respect to the Series 2010A Bonds (the “*Subaccounts*”), which accounts are pledged and charged with the payment of the principal of and the interest on the Series 2010A Bonds. The Trust Agreement provides for the deposit of Revenues to the credit of the accounts to the extent and in the manner provided in the Trust Agreement.

At the principal corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Trust Agreement, Series 2010A Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its principal corporate trust office books for the registration of transfer of the Series 2010A Bonds. The transfer of this bond may be registered only upon such books and as otherwise provided in the Trust Agreement upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this bond, of the same maturity and bearing interest at the same rate.

The Series 2010A Term Bonds (as defined in the Trust Agreement) maturing on January 1, 2031, and 2041, are subject to mandatory redemption in part beginning on January 1, 2026, and 2032, respectively, and on each January 1 thereafter until the maturity thereof, in the amounts set forth in the Trust Agreement as the mandatory sinking fund requirements therefor, from moneys deposited to the credit of the Sinking Fund Account, at a redemption price equal to 100% of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest to the redemption date.

The Series 2010A are subject to redemption prior to their respective maturities at the option of the Authority, in whole or in part, on any Business Day, at the “*Make-Whole Redemption Price*” (as defined herein). The “*Make-Whole Redemption Price*” is the greater of (i) 100% of the principal amount of the Series 2010A Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed, discounted to the date on which the Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of 12 30-day months, at the Treasury Rate plus twenty-five basis points (.25%), plus, in each case, accrued and unpaid interest on the Series 2010A Bonds to be redeemed on the redemption date.

The Series 2010A Bonds are subject to redemption prior to their maturity at the option of the Authority, in whole or in part, upon the occurrence of an Extraordinary Event, at a redemption price (the “*Extraordinary Optional Redemption Price*”) equal to the greater of (i) 100% of the principal amount of the Series 2010A Bonds to be redeemed; or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2010A Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2010A Bonds are to be redeemed, discounted to the date on which the Series 2010A Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of 12 30-day months, at the Treasury Rate, plus one hundred basis points (1.00%), plus, in each case, accrued interest on the Series 2010A Bonds to be redeemed to the redemption date.

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Bonds to be redeemed, whether such redemption is in whole or in part, the Bond Registrar shall cause a

notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all registered owners of Series 2010A Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2010A Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2010A Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all of the Series 2010A Bonds are to be called for redemption, the Series 2010A Bonds to be so redeemed shall be called for redemption in the manner set forth in the Trust Agreement.

The registered owner of this bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement.

Modifications or alterations of the Trust Agreement or in any supplement Trust Agreement thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement.

This bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this bond and the execution and delivery of the Trust Agreement have happened, exist and have been performed as so required.

This bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

**IN WITNESS WHEREOF**, the North Carolina Turnpike Authority, by an order duly adopted by its Board, has caused this bond to be manually signed by the Chairman of the Authority and the Secretary-Treasurer of the Authority to impress its corporate seal hereon and to attest the same, all as of the \_\_th day of October, 2010.

**NORTH CAROLINA TURNPIKE AUTHORITY**

[SEAL]

By: \_\_\_\_\_  
Chairman

By: \_\_\_\_\_  
Secretary-Treasurer

**CERTIFICATE OF LOCAL GOVERNMENT COMMISSION**

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

\_\_\_\_\_  
Secretary

Local Government Commission

**CERTIFICATE OF AUTHENTICATION**

This bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Trust Agreement.

**WELLS FARGO BANK, N.A.**, as Bond Registrar

[SEAL]

By: \_\_\_\_\_  
Authorized Signatory

Date of authentication: \_\_\_\_\_, 20\_\_

**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto

---

---

PLEASE INSERT SOCIAL SECURITY NUMBER  
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

---

---

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE \_\_\_\_\_  
\_\_\_\_\_ the within  
bond and all right thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer the within bond on the books kept for  
registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

In the presence of:

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.





**FIRST SUPPLEMENTAL TRUST AGREEMENT**

Dated as of November 1, 2011

By and Between

**NORTH CAROLINA TURNPIKE AUTHORITY**

and

**WELLS FARGO BANK, N.A.,**  
Trustee

Authorizing and Securing

**North Carolina Turnpike Authority  
Monroe Connector System  
State Appropriation Revenue Bonds  
Series 2011**

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EXHIBIT A FORM OF SERIES 2011 BOND

This **FIRST SUPPLEMENTAL TRUST AGREEMENT**, dated as of November 1, 2011 (the "*First Supplemental Trust Agreement*"), between the **North Carolina Turnpike Authority** (the "*Authority*"), created and described in Article 6H of Chapter 136, as amended, of the General Statutes of North Carolina (the "*Act*"), and transferred to the North Carolina Department of Transportation, and **Wells Fargo Bank, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Jacksonville, Florida, which is authorized under such laws to exercise trust powers (the "*Trustee*");

WITNESSETH:

**WHEREAS**, the Authority is a part of the State of North Carolina Department of Transportation (the "*NCDOT*"), is duly organized and existing under the laws of the State of North Carolina, including the Act, and is authorized to issue revenue bonds pursuant to The State and Local Government Revenue Bond Act, Article 5 of Chapters 159 of the North Carolina General Statutes, as amended (the "*Revenue Bond Act*") for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects" (as defined in the Act);

**WHEREAS**, pursuant to Section 136-176(b2) of the North Carolina General Statutes, as amended, the North Carolina General Assembly has provided for an annual appropriation to the Authority in the amount of \$24,000,000 to be used to pay debt service or related financing costs and expenses on revenue bonds issued by the Authority to finance the Monroe Connector System in Mecklenburg and Union Counties or to fund reserves in connection therewith and that such appropriation shall constitute "revenues" of the Authority within the meaning of the Revenue Bond Act;

**WHEREAS**, the Authority and the Trustee have heretofore entered into the Trust Agreement, dated as of October 1, 2010 (the "*Trust Agreement*"), providing for the issuance of bonds secured by the State of North Carolina (the "*State*"), and issued its \$233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the "*Series 2010A Bonds*") as Build America Bonds, as described in the Trust Agreement, pursuant thereto to finance, in part, the Monroe Connector System;

**WHEREAS**, the Authority intends to issue its \$214,505,000 North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2011 (the "*Series 2011 Bonds*"), secured by the State appropriation described above, the related Interest Subsidy Payments on any Build America Bonds, including the Series 2010A Bonds, and earnings on funds herein also to finance, in part, the Monroe Connector System;

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State of North Carolina, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this First Supplemental Trust Agreement have happened, exist and have been performed as so required to make this agreement a valid and binding trust agreement supplementing the Trust Agreement and securing the Series 2010A Bonds and the Series 2011 Bonds (together, the "*Appropriation Bonds*"), in accordance with its terms; and

**WHEREAS**, the Authority and the Trustee have determined to enter into this First Supplemental Trust Agreement in order to provide for the issuance of the Series 2011 Bonds and set forth the details thereof;

**NOW, THEREFORE**, in consideration of the mutual covenants and contained herein, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

Section 101. Meaning of Words and Terms. Unless otherwise required by the context, words and terms used herein which are defined in the Trust Agreement shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings:

“*Closing*” means the delivery of and payment for the Series 2011 Bonds.

“*Closing Date*” means the date of the Closing.

“*GARVEE Act*” means Section 136-18(23b) of the NCGS.

“*GARVEE Matching Funds*” means the amounts paid by NCDOT for costs of the Initial Project as required by United States Department of Transportation GARVEE Act funding and not otherwise financed.

“*Interest Payment Date*” means, for the Series 2011 Bonds, any January 1 or July 1, commencing January 1, 2012.

“*Monroe GARVEE Bonds*” means State of North Carolina Grant Anticipation Revenue Vehicle Bonds issued pursuant to the GARVEE Act to the extent such bonds are specifically identified by NCDOT as funding costs of the Initial Project and any Additional Project.

“*Serial Bonds*” means the Series 2011 Bonds maturing July 1, 2012 to 2031, inclusive.

“*Series 2011 Bonds*” means the North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bonds, Series 2011.

“*Sinking Fund Requirement*” means, with respect to the Term Bonds and for any Bond Year, the principal amount fixed or computed for retirement by purchase or redemption on or prior to July 1 of the following Bond Year. The Sinking Fund Requirements for the Term Bonds shall be initially the respective principal amounts of such Term Bonds for retirement on each July 1 as fixed in Section 301. If during any Bond Year, the total principal amount of Term Bonds retired by purchase or redemption under the provisions of this First Supplemental Trust Agreement shall be greater than the amount of the Sinking Fund Requirement for such Term Bonds, the subsequent Sinking Fund Requirements for such Term Bonds shall be reduced in such amount aggregating the amount of such excess as shall be specified in an Officer’s Certificate filed with the Trustee on or prior to July 15 of the next ensuing Bond Year.

“*Term Bonds*” means the Series 2011 Bonds maturing on July 1, 2036 (bearing interest at 5.00%), 2036 (bearing interest at 4.25%) and 2041.

Section 102. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this First Supplemental Trust Agreement unless some other reference is indicated.

## ARTICLE II

### AUTHORIZATION, FORMS, ISSUANCE, DELIVERY AND REGISTRATION OF THE SERIES 2011 BONDS

Section 201. *Authorization and Issuance of the Series 2011 Bonds.* (a) For the purpose of providing funds, together with any other available funds, to (1) to pay the costs of land acquisition, design, construction and equipping of the Monroe Connector System, and (2) to pay the costs incurred in connection with the issuance of the Series 2011 Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, and this First Supplemental Trust Agreement, a Series of Bonds of the Authority designated "Monroe Connector System State Appropriation Revenue Bonds, Series 2011" in the aggregate principal amount of \$214,505,000.

The Series 2011 Bonds shall be dated the date of delivery thereof, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment such interest to the maturity thereof being payable semiannually on each January 1 and July 1, beginning January 1, 2012, and shall be stated to mature on July 1 (subject to the right of prior redemption), as follows:

<u>Year of Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year of Maturity (July 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2012	\$22,140,000	1.500%	2023	\$1,050,000	5.000%
2013	18,395,000	3.000	2023	1,110,000	3.125
2014	18,950,000	4.000	2024	3,235,000	5.000
2015	7,410,000	5.000	2025	3,400,000	5.000
2016	3,255,000	5.000	2026	3,565,000	5.000
2016	4,525,000	4.000	2027	3,750,000	5.000
2017	8,120,000	5.000	2028	3,935,000	5.000
2018	8,525,000	5.000	2029	4,135,000	5.000
2019	6,545,000	5.000	2030	4,340,000	5.000
2019	2,410,000	4.000	2031	3,650,000	5.000
2020	9,380,000	5.000	2031	900,000	4.000
2021	9,845,000	5.000	2036	23,725,000	5.000
2022	860,000	5.000	2036	2,605,000	4.250
2022	1,215,000	3.000	2041	33,530,000	5.000

(b) Wells Fargo Bank, N.A. is hereby appointed Bond Registrar for the Series 2011 Bonds and shall execute the certificates of authentication therein. The Series 2011 Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2011 Bonds are stated to mature, in the aggregate principal amount of the Series 2011 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2011 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and any redemption premium on each Series 2011 Bond and interest with respect thereto shall be payable to Cede & Co. or any other person appearing on the registration books of the Authority as the registered owner of such Bond or its registered assigns or legal representatives. Transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the



Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as Securities Depository for the Series 2011 Bonds or (b) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the would adversely affect the interests of the beneficial owners of the Series 2011 Bonds, the Authority will discontinue the book-entry system with DTC. If the Authority identifies another qualified Securities Depository to replace DTC, the Authority will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2011 Bonds, and the references to DTC or Cede & Co. in this Supplemental Agreement shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Authority fails to identify another qualified Securities Depository to replace DTC, the Authority will deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Bonds as required by DTC and others.

The Series 2011 Bonds shall be executed substantially in the form set forth in Exhibit A hereto and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication and delivery to the State Treasurer for redelivery to the purchasers thereof, but only upon the deposit with the Trustee of the purchase price of the Series 2011 Bonds and the accrued interest thereon.

Simultaneously with the issuance of the Series 2011 Bonds and the deposit of the proceeds of the Series 2011 Bonds with the Trustee, the Trustee shall apply the proceeds in the amount of \$232,121,278.71 (representing the \$214,505,000 principal amount of the Series 2011 Bonds, plus net original issue premium of \$18,693,018.05, less an underwriters' discount of \$1,076,739.34) as directed to the Trustee by the Authority pursuant to an Officer's Certificate filed with the Trustee simultaneously with the issuance of the Series 2011 Bonds.

Section 202. Use of Proceeds. Notwithstanding the definition of "Costs of the Project" in Section 404 of the Trust Agreement, proceeds of the Series 2011 Bonds deposited into the Project Fund may be used to reimburse NCDOT for any interest paid on Monroe GARVEE Bonds or for GARVEE Matching Funds as well as other Costs of the Project.

### **ARTICLE III REDEMPTION OF SERIES 2011 BONDS**

Section 301. Redemption of Series 2011 Bonds. (a) The Series 2011 Bonds shall not be subject to prior redemption except as provided in this Article III.

(b) The Series 2011 Bonds maturing on or after July 1, 2022, are subject to redemption prior to their respective maturities, at the option of the Authority, from any moneys that may be available for such purpose, either in whole or in part on any date on or after July 1, 2021, at 100% of the principal amount of Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date.

(c) The Series 2011 Term Bonds maturing on July 1, 2036 (bearing interest at 5.00%), are subject to mandatory redemption in part on July 1, 2032, and on each July 1 thereafter, in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
2032	\$4,300,000
2033	4,510,000
2034	4,735,000
2035	4,965,000
2036*	5,215,000

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\* Maturity

(d) The Series 2011 Term Bonds maturing on July 1, 2036 (bearing interest at 4.25%), are subject to mandatory redemption in part on July 1, 2032, and on each July 1 thereafter, in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
2032	\$475,000
2033	495,000
2034	520,000
2035	545,000
2036*	570,000

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\* Maturity

(e) The Series 2011 Term Bonds maturing on July 1, 2041, are subject to mandatory redemption in part on July 1, 2037, and on each July 1 thereafter, in the principal amounts set forth below, at a Redemption Price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date:

<u>Year</u>	<u>Amount</u>
2037	\$6,070,000
2038	6,370,000
2039	6,690,000
2040	7,025,000
2041*	7,375,000

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\* Maturity

Section 302. *Selection of Series 2011 Bonds for Redemption.* The Series 2011 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2011 Bonds are called for redemption, the maturities or portions of maturities of Series 2011 Bonds to be so redeemed shall be as set forth in an Officer's Certificate filed with the Trustee. If less than all of the 2011 Bonds of any one maturity are to be called for redemption, and the Bonds are not held in book-entry only form, the Bond Registrar shall effect the redemption of the 2011 Bonds of such maturity on a pro-rata basis among registered owners, subject to \$5,000 minimum denomination requirements, using such method as the Trustee shall deem fair and appropriate. If the 2011 Bonds are held in book-entry only form, and less than all of the 2011 Bonds of any one maturity are to be called for redemption, the particular 2011 Bonds or

portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with the procedures of the Securities Depository, provided that the selection for redemption of such 2011 Bonds shall be made in accordance with the operational arrangements of Securities Depository then in effect providing for adjustment of the principal by a factor provided by the Trustee pursuant to such operational arrangements. If the Trustee does not provide the necessary information and identify the redemption as being on a "Pro Rata Pass-Through Distribution of Principal" basis, the 2011 Bonds will be selected for redemption in accordance with the procedures of the Securities Depository by lot.

#### **ARTICLE IV GENERAL COVENANTS AND REPRESENTATIONS**

Section 401. Covenant as to Arbitrage. The Authority covenants that so long as any of the Series 2011 Bonds remain Outstanding, money on deposit in any fund, account or subaccount maintained in connection with the Series 2011 Bonds, regardless of whether such money was derived from the proceeds of the sale of the Series 2011 Bonds or from any other sources, will not be used in a manner that would cause any of the Series 2011 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations promulgated from time to time thereunder, except for moneys on deposit in such funds, accounts or sub accounts with respect to any Series 2011 Bonds not intended to be tax-exempt under the provisions of the Code. The Authority further covenants and agrees to comply with the requirements of Section 148 of the Code and applicable regulations promulgated from time to time thereunder with respect to any Series 2011 Bonds.

Section 402. Continuing Disclosure. The Authority hereby undertakes, for the benefit of the beneficial owners of the Series 2011 Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2012, (1) audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with NCGS Section 159-34, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within fifteen (15) days after such audited financial statements become available for distribution, and (2) to the extent available to the Authority, the audited financial statements of the State for the State's most recent Fiscal Year, if available, or, if such audited financial statements of the State are not available, unaudited financial statements of the State for such Fiscal Year to be replaced subsequently by audited financial statements of the State to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2011 Bonds:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;

(5) issuance by the Internal Revenue Service of a proposed or final determination of taxability with respect to the Series 2011 Bonds; a Notice of Proposed Issues on IRS Form 5701-TEB with respect to the Series 2011 Bonds; adverse tax opinions or events affecting the Series 2011 Bonds; other material notices or determination with respect to the tax status of the Series 2011 Bonds; or other event affecting the tax status of the Series 2011 Bonds;

(6) defeasances;

(7) rating changes;

(8) tender offers; and

(9) bankruptcy, insolvency, receivership or similar proceeding by the Authority;

(c) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2011 Bonds, if material:

(1) non-payment related defaults;

(2) modification to the rights of the beneficial owners of the Series 2011 Bonds;

(3) bond calls, other than bond calls relating to mandatory sinking fund redemption;

(4) release, substitution or sale of any property securing repayment of the Series 2011 Bonds;

(5) mergers, consolidations, acquisition and sales of assets (other than in the ordinary course of business);

(6) appointment of a successor or additional trustee or a change in the name of the trustee;

(7) legislation shall be filed with the North Carolina General Assembly by the Governor of North Carolina or legislation is reported out of a committee in either body of the General Assembly which, if adopted in the form so filed or reported, would result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and

(8) an administrative action is taken by the Governor of North Carolina, NCDOT or any other agency or authority of the State which will result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year.

(d) within ten (10) Business Days following the occurrence of a failure, notice of a failure of the Authority to provide required annual financial information described in (a), (b) or (c) above on or before the date specified.

The Authority may meet the continuing disclosure filing requirements described above by (a) providing the required information directly to the MSRB or (b) complying with any other procedure the U.S. Securities and Exchange Commission implements.

If the Authority fails to comply with the undertaking described above, any beneficial owner of the Series 2011 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to



comply with such undertaking shall not be an Event of Default under this Trust Agreement and shall not result in any acceleration of the Series 2011 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2011 Bonds.

The Authority reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c212") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Owners of the Series 2011 Bonds, as determined by the Trustee or bond counsel to the Authority, or by approving vote of the Owners of a majority in principal amount of the Series 2011 Bonds then Outstanding pursuant to the terms of the Trust Agreement at the time of the amendment.

In the event that the Authority makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2011 Bonds.

Section 403. Amendment. The definition of "Initial Project" in the Trust Agreement is hereby amended to read as follows:

"Initial Project" means the land, easements, rights of way, capital improvements and equipment which are part of the Monroe Connector System and financed with the proceeds of the Series 2010A Bonds or Additional Bonds or Revenue Bonds, all as described in the "Project Description" section of the Engineering Report of HNTB North Carolina, P.C.

Section 404. Limitation on Additional Bonds. Notwithstanding the provisions of Section 209 or other sections of the Trust Agreement, following the issuance of the Series 2011 Bonds, so long as the first issue of Revenue Bonds (the Authority's Monroe Connector System Senior Lien Turnpike Revenue Bonds, Series 2011 issued on November 15, 2011) is outstanding, no further Additional Bonds may be issued without the prior written consent of the holders of such Revenue Bonds.

## **ARTICLE V SUPPLEMENTAL TRUST AGREEMENTS**

Section 501. Supplemental Trust Agreements Without Consent of Owners. The Authority may, from time to time and at any time, execute and deliver such Trust Agreements supplemental hereto (which supplemental Trust Agreements shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this First Supplemental Trust Agreement and, in the opinion of the

Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this First Supplemental Trust Agreement or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this First Supplemental Trust Agreement;

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) to add to the covenants and agreements of the Authority in this First Supplemental Trust Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority;

(d) to permit the qualification of this First Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Authority so determines, to add to this First Supplemental Trust Agreement or any supplemental Trust Agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law; or

(e) to provide for the issuance of Series 2011 Bonds in bearer form.

At least thirty (30) days prior to the execution and delivery of any supplemental Trust Agreement for any of the purposes of this Section, the Trustee shall cause at the Authority's expense a notice of the proposed supplemental Trust Agreement to be mailed first-class, postage prepaid, to the Local Government Commission and to all Owners of the Series 2011 Bonds. Such notice shall briefly set forth the nature of the proposed supplemental Trust Agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2011 Bonds. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental Trust Agreement.

Section 502. Modification of First Supplemental Trust Agreement with Consent of Owners. Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2011 Bonds then Outstanding that will be affected, as defined in Section 503, by a proposed supplemental Trust Agreement shall have the right, from time to time, anything contained in this First Supplemental Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the Authority and the Trustee of such supplemental Trust Agreement as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this First Supplemental Trust Agreement or in any supplemental Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2011 Bond without the consent of the Owner of such Series 2011 Bond, (b) a reduction in the principal amount of any Series 2011 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2011 Bond, (c) the creation of a pledge, charge and lien upon the Revenues other than the pledge, charge and lien created by the Trust Agreement without the consent of all Owners of the Series 2011 Bonds then Outstanding, (d) a preference or priority of any Series 2011 Bond over any other Series 2011 Bond without the consent of all Owners of the Series 2011 Bonds then Outstanding, or (e) a reduction in the



aggregate principal amount of Series 2011 Bonds required for consent to such supplemental Trust Agreement without the consent of all Owners of the Series 2011 Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental Trust Agreement as authorized in Section 501.

The Trustee shall, at the expense of the Authority, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed supplemental Trust Agreement to be mailed, postage prepaid, to the Local Government Commission and all Owners of the Series 2011 Bonds as of the date such notice is mailed. Such notice shall briefly set forth the nature of the proposed supplemental Trust Agreement and shall state that copies thereof are on file at the principal corporate trust office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental Trust Agreement when approved and consented to as provided in this Section.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the Authority shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2011 Bonds then Outstanding that are affected, as defined in Section 503, by a proposed supplemental Trust Agreement, which instrument or instruments shall refer to the proposed supplemental Trust Agreement described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority and the Trustee may execute and deliver such supplemental Trust Agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2011 Bonds Outstanding at the time of the execution and delivery of such supplemental Trust Agreement and that are affected, as defined in Section 503, by a proposed Trust Agreement have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner shall have any right to object to the execution and delivery of such supplemental Trust Agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the Authority or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Upon the execution and delivery of any supplemental Trust Agreement pursuant to the provisions of this Section or Section 501, this First Supplemental Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this First Supplemental Trust Agreement of the Authority, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this First Supplemental Trust Agreement, as so modified and amended.

Section 503. Series 2011 Bonds Affected. For purposes of this First Supplemental Trust Agreement, Series 2011 Bonds shall be deemed to be "affected" by a supplemental Trust Agreement if the same adversely affects or diminishes the rights of Owners against the Authority or the rights of the Owners in the security for such Series 2011 Bonds. The Trustee may in its discretion determine whether any Series 2011 Bonds would be affected by any supplemental Trust Agreement, and any such determination shall be conclusive upon the Owners of all Series 2011 Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

Section 504. Exclusion of Series 2011 Bonds. Series 2011 Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Series 2011 Bonds provided for in this Article, and the Authority as Owner of such Series 2011 Bonds shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee an Officer's Certificate upon which the Trustee may rely, describing all Series 2011 Bonds so to be excluded.

Section 505. Responsibilities of Trustee and Authority under this Article. The Trustee and the Authority shall be entitled to exercise their discretion in determining whether or not any proposed supplemental Trust Agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Authority, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of counsel approved by it, who may be bond counsel for the Authority, as conclusive evidence that any such proposed supplemental Trust Agreement does or does not comply with the provisions of this First Supplemental Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to execute and deliver such supplemental Trust Agreement.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

Section 601. Authority, Trustee, Bond Registrar and Owners Alone Have Rights under First Supplemental Trust Agreement. Except as herein otherwise expressly provided, nothing in this First Supplemental Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Authority, the Trustee, the Bond Registrar and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this First Supplemental Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Authority, the Trustee, the Bond Registrar and the Owners.

Section 602. Effect of Partial Invalidity. In case anyone or more of the provisions of this First Supplemental Trust Agreement or the Series 2011 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this First Supplemental Trust Agreement or the Series 2011 Bonds, but this First Supplemental Trust Agreement and the Series 2011 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this First Supplemental Trust Agreement or the Series 2011 Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

Section 603. Effect of Covenants: Governing Law. All covenants, stipulations, obligations and agreements of the Authority contained in this First Supplemental Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the State. This First Supplemental Trust Agreement is executed and delivered with the intent that the laws of the State shall govern this construction.

Section 604. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 605. Further Authority. The officers of the Authority, attorneys, engineers and other agents or employees of the Authority are hereby authorized to do all acts and things required of them by

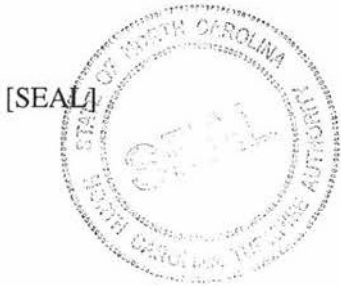
this First Supplemental Trust Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2011 Bonds and this First Supplemental Trust Agreement.

Section 606. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this First Supplemental Trust Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in First Supplemental Trust Agreement.

Section 607. Multiple Counterparts. This First Supplemental Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Supplemental Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.



NORTH CAROLINA TURNPIKE AUTHORITY

By: \_\_\_\_\_

By: \_\_\_\_\_

Attest: \_\_\_\_\_

Secretary/Treasurer

WELLS FARGO BANK, N.A., Trustee

[SEAL]

By: \_\_\_\_\_

Vice President

Attest: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Supplemental Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

NORTH CAROLINA TURNPIKE AUTHORITY

[SEAL]

By: \_\_\_\_\_  
Executive Director


By: \_\_\_\_\_  
Chairman

Attest:

\_\_\_\_\_  
Secretary-Treasurer

WELLS FARGO BANK, N.A., Trustee

[SEAL]

By: \_\_\_\_\_  


A \_\_\_\_\_  
T \_\_\_\_\_  


**EXHIBIT A**

**FORM OF SERIES 2011 BOND**

R-\_\_\_\_\_

\$\_\_\_\_\_

**United States of America  
State of North Carolina**

**NORTH CAROLINA TURNPIKE AUTHORITY  
MONROE CONNECTOR SYSTEM STATE  
APPROPRIATION REVENUE BOND, SERIES 2011**

**Interest Rate**

**Maturity Date**

**CUSIP**

%

July 1, 20\_\_

The North Carolina Turnpike Authority, (the "*Authority*"), a body corporate and politic and public instrumentality duly organized and existing under the laws of the State of North Carolina, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO. or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, N.A., initially its corporate trust office located in Jacksonville, Florida (the "*Bond Registrar*"), the principal sum of \_\_\_\_\_ DOLLARS (\$\_\_\_\_\_).

The Authority also promises to pay, but solely from said sources, interest on this bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to January 1, 2012, in which event it shall bear interest from its date, payable on January 1 and July 1 of each year, beginning January 1, 2012, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this bond is registered at the close of business on a Special Record Date (as defined in the Trust Agreement hereinafter mentioned) for the payment of such defaulted interest to be fixed by the Trustee (hereinafter mentioned), notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Trust Agreement. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This bond is one of a duly authorized series of revenue bonds of the Authority designated "Monroe Connector System State Appropriation Revenue Bonds, Series 2011" (the "*Series 2011 Bonds*"), issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act (as defined in the Trust Agreement), an order of the Authority adopted on November 14, 2011, authorizing the issuance of the Series 2011 Bonds, a Trust Agreement, dated as of October 1, 2010, as supplemented by a First Supplemental Trust Agreement dated as of November 1, 2011 (the "*Trust*



*Agreement*”), between the Authority and Wells Fargo Bank, N.A., as trustee (in such capacity, the “*Trustee*”). The Series 2011 Bonds are being issued for the purpose of providing funds, together with any other available funds, (a) to pay the costs of land acquisition, design, construction and equipping of the Monroe Connector System, and (b) to pay the costs incurred in connection with the issuance of the Bonds. The Series 2011 Bonds are secured in parity with the Authority’s \$233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds), previously issued (the “*Series 2010A Bonds*”).

The Series 2011 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Trust Agreement. One bond certificate with respect to each date on which the Series 2011 Bonds are stated to mature, in the aggregate principal amount of the Series 2011 Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York (“*DTC*”), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2011 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2011 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this bond, notwithstanding the provisions hereinabove contained, payments of principal of or redemption premium, if any, and interest on this bond shall be made in accordance with the existing arrangements between the Bond Registrar and DTC.

The Series 2011 Bonds are special obligations of the Authority secured by a pledge, charge and lien upon Revenues. Pursuant to the Trust Agreement, the “*Revenues*” consist of (a) any funds appropriated to the Authority by the State of North Carolina pursuant to NCGS 136-176 or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on bonds issued to finance the Monroe Connector System or to fund debt service reserves, operating reserves or similar reserves, (b) interest subsidy payments paid to the Authority from the United States Treasury under the “*Build America Bond*” program made in connection with the Series 2010A Bonds in an amount equal to 35% of the corresponding interest payable on the Series 2010A Bonds, and (c) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund, the Debt Service Fund or the Reserve Fund (as such terms are hereafter defined). The Authority is not obligated to pay the principal of or the interest on the Series 2011 Bonds except as provided in the Trust Agreement from Revenues or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Authority is pledged to the payment of the principal of and the interest on the Series 2011 Bonds.

Reference is made to the Trust Agreement for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the registered owners of the Series 2011 Bonds. Copies of the Trust Agreement will be available for inspection by any registered owner of the Series 2011 Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this bond, the registered owner hereof signifies assent to all of the provisions of the Trust Agreement.

The Trust Agreement provides for the creation of a special fund designated "North Carolina Turnpike Authority Monroe Connector System State Appropriation Revenue Bond Debt Service Fund" (the "*Debt Service Fund*"). Pursuant to the Trust Agreement, special accounts have been created within the Debt Service Fund with respect to the Series 2011 Bonds (the "*Subaccounts*"), which accounts are pledged and charged with the payment of the principal of and the interest on the Series 2011 Bonds. The Trust Agreement provides for the deposit of Revenues to the credit of the accounts to the extent and in the manner provided in the Trust Agreement.

At the principal corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Trust Agreement, Series 2011 Bonds may be exchanged for an equal aggregate principal amount of Series 2011 Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its principal corporate trust office books for the registration of transfer of the Series 2011 Bonds. The transfer of this Bond may be registered only upon such books and as otherwise provided in the Trust Agreement upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

The Series 2011 Bonds maturing on or after July 1, 2022, are subject to redemption, at the option of the Authority, in whole or in part on any date on or after July 1, 2021, from any moneys that may be available for such purpose, at 100% of principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date, all in the manner provided in the Trust Agreement.

The Series 2011 Term Bonds (as defined in the Trust Agreement) maturing on July 1, 2036 and 2041, are subject to mandatory redemption in part beginning on July 1, 2032 and 2037, respectively, and on each July 1 thereafter until the maturity thereof, in the amounts set forth in the Trust Agreement as the mandatory sinking fund requirements therefor, from moneys deposited to the credit of the Sinking Fund Account, at a redemption price equal to 100% of the principal amount of the Series 2011 Bonds to be redeemed, plus accrued interest to the redemption date.

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2011 Bonds to be redeemed, whether such redemption is in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all registered owners of Series 2011 Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2011 Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2011 Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Series 2011 Bonds or such portions thereof on such date plus accrued interest to such date. If less than all of the Series 2011 Bonds are to be called for redemption, the Bonds to be so redeemed shall be called for redemption in the manner set forth in the Trust Agreement.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other

proceeding with respect thereto, except as provided in the Trust Agreement. Modifications or alterations of the Trust Agreement or in any supplement Trust Agreement thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement.

This Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution and delivery of the Trust Agreement have happened, exist and have been performed as so required. This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

**IN WITNESS WHEREOF**, the North Carolina Turnpike Authority, by an order duly adopted by its Board, has caused this bond to be manually signed by the Chairman of the Authority and the Secretary-Treasurer of the Authority to impress its corporate seal hereon and to attest the same, all as of the 30<sup>th</sup> day of November, 2011.

**NORTH CAROLINA TURNPIKE AUTHORITY**

[SEAL]

By: \_\_\_\_\_  
Chairman

By: \_\_\_\_\_  
Secretary-Treasurer

**CERTIFICATE OF LOCAL GOVERNMENT COMMISSION**

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

\_\_\_\_\_  
Secretary  
Local Government Commission

**CERTIFICATE OF AUTHENTICATION**

This bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Trust Agreement.

**WELLS FARGO BANK, N.A.**, as Bond Registrar

[SEAL]

By: \_\_\_\_\_  
Authorized Signatory

Date of authentication: November 30, 2011

**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto

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PLEASE INSERT SOCIAL SECURITY NUMBER  
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

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PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE \_\_\_\_\_  
\_\_\_\_\_ the within  
bond and all right thereunder, and hereby irrevocably constitutes and appoints  
\_\_\_\_\_, attorney, to transfer the within bond on the books kept for  
registration thereof, with full power of substitution in the premises.

Dated: \_\_\_\_\_

In the presence of:

---

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

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The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

**SECOND SUPPLEMENTAL TRUST AGREEMENT**

Dated as of April 1, 2021

By and Between

**NORTH CAROLINA TURNPIKE AUTHORITY**

and

**WELLS FARGO BANK, N.A.,**

Trustee

Supplementing a Trust Agreement  
dated as of October 1, 2010, as previously supplemented

Authorizing and Securing

**\$73,985,000**

**North Carolina Turnpike Authority  
Monroe Expressway System  
State Appropriation Revenue Refunding Bonds  
Series 2021 (Forward Delivery)**



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This **SECOND SUPPLEMENTAL TRUST AGREEMENT**, dated as of April 1, 2021 (the "*Second Supplemental Trust Agreement*"), between the **NORTH CAROLINA TURNPIKE AUTHORITY** (the "*Authority*"), a body public and corporate within the Department of Transportation ("NCDOT"), a public agency of the State of North Carolina (the "*State*"), duly existing under the laws of the State and **WELLS FARGO BANK, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Philadelphia, Pennsylvania, which is authorized under such laws to exercise trust powers (the "*Trustee*");

WITNESSETH:

**WHEREAS**, the Authority is duly organized and existing under the laws of the State within the NCDOT, and is authorized under Article 6H (Public Tolls Roads and Bridges) of Chapter 136, as amended (the "*Act*"), of the North Carolina General Statutes (the "*NCGS*") and The State and Local Government Revenue Bond Act, Article 5 of Chapters 159, as amended, of the G.S. (the "*Revenue Bond Act*") to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects" (as defined in the Act);

**WHEREAS**, pursuant to Section 136-176(b2) of the G.S., the North Carolina General Assembly has provided for an annual appropriation to the Authority in the amount of \$24,000,000 to be used to pay debt service or related financing costs and expenses on revenue bonds issued by the Authority to finance the Monroe Expressway System or to fund reserves in connection therewith and that such appropriation shall constitute "revenues" of the Authority within the meaning of the Revenue Bond Act;

**WHEREAS**, the Authority and the Trustee have heretofore entered into the Trust Agreement, dated as of October 1, 2010 (the "*Original Trust Agreement*"), as supplemented and amended by a First Supplemental Trust Indenture, dated as of November 1, 2011 (the "*First Supplemental Trust Agreement*," and together with the Original Trust Agreement, the "*Prior Trust Agreement*"), to provide for the issuance of bonds in order to provide funds to finance, together with other available funds, costs of acquisition, construction, installation and equipping of the Monroe Expressway System (the "*Project*"), and related reserves and other costs;

**WHEREAS**, pursuant to the Prior Trust Agreement, the Authority has previously issued its \$233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the "*Series 2010A Bonds*"), and its \$214,505,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2011 (the "*Series 2011 Bonds*"), each issued to finance, in part, the Project;

**WHEREAS**, pursuant to the Act, the Prior Trust Agreement, this Second Supplemental Trust Agreement (together with the Prior Trust Agreement, the "*Trust Agreement*"), and a Bond Order adopted by the Authority on May 7, 2020 (the "*Bond Order*"), the Authority is issuing its \$73,985,000 North Carolina Turnpike Authority Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2021 (Forward Delivery) (the "*Series 2021 Bonds*") as refunding bonds under Section 208 of the Original Trust Agreement, to provide funds, together with other available funds, to (a) refund the portion of the outstanding Series 2011 Bonds maturing on July 1, 2022 through 2041 (the "*Refunded Bonds*") and (b) pay the costs incurred in connection with the issuance of the Series 2021 Bonds;

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Second Supplemental Trust Agreement have happened, exist and have been performed as required to make this agreement a valid and binding trust agreement supplementing the Prior Trust Agreement and providing

for the Series 2021 Bonds to be secured by the Trust Estate, including, but not limited to, the Reserve Fund, as described in Section 512 of the Original Trust Agreement; and

**WHEREAS**, the Authority and the Trustee have determined to enter into this Second Supplemental Trust Agreement in order to provide for the issuance of the Series 2021 Bonds and set forth the details thereof:

**NOW, THEREFORE**, in consideration of the mutual covenants and contained herein, the parties hereto agree as follows:

## **ARTICLE I DEFINITIONS**

Section 101. *Meaning of Words and Terms.* In addition to the definitions in the introductory paragraphs hereto, unless otherwise required by the context, words and terms used herein which are defined in the Prior Trust Agreement shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings:

"Closing" means the delivery of and payment for the Series 2021 Bonds.

"Closing Date" means the date of the Closing.

"Interest Payment Date" means, for the Series 2021 Bonds, any January 1 or July 1, commencing July 1, 2021.

"Official Statement" means the Official Statement dated November 19, 2020, related to the Series 2021 Bonds, as supplemented and amended.

"Series 2021 Bonds" means the North Carolina Turnpike Authority Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2021 (Forward Delivery).

Section 102. *Rules of Construction.* Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Second Supplemental Trust Agreement unless some other reference is indicated.

## **ARTICLE II AUTHORIZATION, FORMS, ISSUANCE, DELIVERY AND REGISTRATION OF THE SERIES 2021 BONDS**

Section 201. *Authorization and Issuance of the Series 2021 Bonds.* (a) For the purpose of providing funds, together with any other available funds, to (1) to refund the Refunded Bonds, and (2) to pay the costs incurred in connection with the issuance of the Series 2021 Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, the Trust Agreement and the Bond Order, a Series of Bonds of the Authority designated "Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2021 (Forward Delivery)" in the aggregate principal amount of \$73,985,000. The Series 2021 Bonds shall be Refunding Bonds issued under Section 208 of the Original Trust Agreement.

The Series 2021 Bonds shall be dated the date of delivery thereof, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment, such interest being payable semiannually on each January 1 and July 1, beginning July 1, 2021, and shall be stated to mature on July 1 (subject to prior redemption as hereinafter provided), as follows:

Year of Maturity (July 1)	Principal Amount	Interest Rate	Year of Maturity (July 1)	Principal Amount	Interest Rate
2022	\$1,390,000	5.00%	2032	\$3,740,000	5.00%
2023	1,465,000	5.00	2033	3,920,000	5.00
2024	2,525,000	5.00	2034	4,120,000	5.00
2025	2,655,000	5.00	2035	4,320,000	5.00
2026	2,785,000	5.00	2036	4,540,000	5.00
2027	2,930,000	5.00	2037	4,770,000	5.00
2028	3,075,000	5.00	2038	5,005,000	5.00
2029	3,230,000	5.00	2039	5,255,000	5.00
2030	3,390,000	5.00	2040	5,520,000	5.00
2031	3,555,000	5.00	2041	5,795,000	5.00

(b) Wells Fargo Bank, N.A. is hereby appointed Bond Registrar for the Series 2021 Bonds and shall execute the certificates of authentication therein. The Series 2021 Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2021 Bonds are stated to mature, in the aggregate principal amount of the Series 2021 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2021 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and any redemption premium on each Series 2021 Bond and interest with respect thereto shall be payable to Cede & Co. or any other person appearing on the registration books of the Authority as the registered owner of such Series 2021 Bond or its registered assigns or legal representatives. Transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2021 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority, the Bond Registrar and the Trustee will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as Securities Depository for the Series 2021 Bonds or (b) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2021 Bonds would adversely affect the interests of the beneficial owners of the Series 2021 Bonds, the Authority will discontinue the book-entry system with DTC. If the Authority identifies another qualified Securities Depository to replace DTC, the Authority will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2021 Bonds, and the references to DTC or Cede & Co. in this Second Supplemental Trust Agreement shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Authority fails to identify another qualified Securities Depository to replace DTC, the Authority will deliver replacement bonds in the form of fully registered certificates in the

denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Bonds as required by DTC and others.

The Series 2021 Bonds shall be executed substantially in the form set forth in Exhibit A hereto and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication and delivery to the State Treasurer for redelivery to the purchasers thereof, but only upon the deposit with the Trustee of the purchase price of the Series 2021 Bonds and the accrued interest thereon.

Simultaneously with the issuance of the Series 2021 Bonds and the deposit of the proceeds of the Series 2021 Bonds with the Trustee, the Trustee shall apply the proceeds in the amount of \$96,597,293.09 (representing the \$73,985,000 principal amount of the Series 2021 Bonds, plus original issue premium of \$22,772,923.80, less an underwriters' discount of \$160,630.71) as directed by the Authority pursuant to an Officer's Certificate filed with the Trustee simultaneously with the issuance of the Series 2021 Bonds.

### **ARTICLE III REDEMPTION OF SERIES 2021 BONDS**

Section 301. Redemption of Series 2021 Bonds. (a) The Series 2021 Bonds shall not be subject to prior redemption except as provided in this Article III and the Original Trust Agreement.

(b) The Series 2021 Bonds maturing on or after July 1, 2032, are subject to redemption prior to their respective maturities, at the option of the Authority, from any moneys that may be available for such purpose, either in whole or in part on any date on or after July 1, 2031, at 100% of the principal amount of Series 2021 Bonds to be redeemed, plus accrued interest to the redemption date.

Section 302. Selection of Series 2021 Bonds for Redemption. The Series 2021 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2021 Bonds are called for redemption, the maturities or portions of maturities of Series 2021 Bonds to be so redeemed shall be as set forth in an Officer's Certificate filed with the Trustee. If less than all of the Series 2021 Bonds of any one maturity are to be called for redemption, and the Series 2021 Bonds are not held in book-entry only form, the Bond Registrar shall effect the redemption of the Series 2021 Bonds of such maturity on a pro-rata basis among registered owners, subject to \$5,000 minimum denomination requirements, using such method as the Trustee shall deem fair and appropriate. If the Series 2021 Bonds are held in book-entry only form, and less than all of the Series 2021 Bonds of any one maturity are to be called for redemption, the particular Series 2021 Bonds or portions thereof to be redeemed shall be selected in accordance with the procedures of the Securities Depository.

### **ARTICLE IV GENERAL COVENANTS AND REPRESENTATIONS**

Section 401. Cost of Issuance Account. The Series 2021 Bond Cost of Issuance Account is hereby established as a separate account within the Project Fund. In accordance with the directions provided in the Officer's Certificate filed with the Trustee, proceeds of the Series 2021 Bonds in the amount of \$488,095.87 shall be deposited in the Series 2021 Cost of Issuance Account and used to pay, or reimburse the Authority for paying, costs of issuance relating to the Series 2021 Bond.

Section 402. Covenant as to Arbitrage. The Authority covenants that so long as any of the Series 2021 Bonds remain Outstanding, money on deposit in any fund, account or subaccount maintained in connection with the Series 2021 Bonds, regardless of whether such money was derived from the proceeds of the sale of the Series 2021 Bonds or from any other sources, will not be used in a manner that would cause any of the Series 2021 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code,

and applicable regulations promulgated from time to time thereunder, except for moneys on deposit in such funds, accounts or subaccounts with respect to any Series 2021 Bonds not intended to be tax-exempt under the provisions of the Code. The Authority further covenants and agrees to comply with the requirements of Section 148 of the Code and applicable regulations promulgated from time to time thereunder with respect to any Series 2021 Bonds.

Section 403. Continuing Disclosure. The Authority hereby undertakes, for the benefit of the beneficial owners of the Series 2021 Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2021, audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with NCGS Section 159-34, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the State, commencing with the fiscal year ending June 30, 2021, financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the tables in the Official Statement under the section "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2021 BONDS – Highway Trust Fund" listed below, to the extent such items are not included in the financial statements referred to in (a) above:

- "Highway Trust Fund Tax and Non-Tax Revenue"
- "Debt Service and Statutory Commitments Paid from the Highway Trust Fund"
- "Debt Service Payments Remaining to be Paid from the Highway Trust Fund"
- "Transfers In and Out of the Highway Trust Fund"
- "Cash Balance Table"
- "Highway Trust Fund"
- "Highway Fund"

(c) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2021 Bonds:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;



(5) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issues (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2021 Bonds, or other material events affecting the tax status of the Series 2021 Bonds;

(6) defeasances;

(7) rating changes;

(8) tender offers;

(9) bankruptcy, insolvency, receivership or similar proceeding by the Authority; and

(10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Authority, any of which reflect financial difficulties;

(d) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2021 Bonds, if material:

(1) non-payment related defaults;

(2) modification to the rights of the beneficial owners of the Series 2021 Bonds;

(3) bond calls, other than bond calls relating to mandatory sinking fund redemption;

(4) release, substitution or sale of any property securing repayment of the Series 2021 Bonds;

(5) mergers, consolidations, acquisition and sales of assets (other than in the ordinary course of business);

(6) appointment of a successor or additional trustee or a change in the name of the trustee;

(7) legislation shall be filed with the North Carolina General Assembly by the Governor of North Carolina or legislation is reported out of a committee in either body of the General Assembly which, if adopted in the form so filed or reported, would result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year;

(8) an administrative action is taken by the Governor of North Carolina, NCDOT or any other agency or authority of the State which will result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and

(9) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material.

(e) In a timely manner following the occurrence of a failure, notice of a failure of the Authority to provide required annual financial information described in (a) or (b) above on or before the date specified.

For purposes of the undertakings described in (c)(10) and (d)(9) above, "financial obligation" means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either clause (a) or (b) above. The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 (as defined below).

The Authority may meet the continuing disclosure filing requirements described above by (a) providing the required information directly through the MSRB's Electronic Municipal Market Access (EMMA) System or (b) complying with any other procedure the MSRB or the U.S. Securities and Exchange Commission implements.

If the Authority fails to comply with the undertaking described above, the Trustee or any beneficial owner of the Series 2021 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default under this Trust Agreement and shall not result in any acceleration of the Series 2021 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2021 Bonds.

The Authority reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("*Rule 15c2-12*") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Owners of the Series 2021 Bonds, as determined by the Trustee or bond counsel to the Authority, or by approving vote of the Owners of a majority in principal amount of the Series 2021 Bonds then Outstanding pursuant to the terms of the Trust Agreement at the time of the amendment.

In the event that the Authority makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2021 Bonds.

## **ARTICLE V SUPPLEMENTAL TRUST AGREEMENTS**

Section 501. *Supplemental Trust Agreements Without Consent of Owners.* The Authority may, from time to time and at any time, execute and deliver such supplemental trust agreements supplemental hereto (which supplemental trust agreements shall thereafter form a part hereof) as shall be substantially

consistent with the terms and provisions of this Second Supplemental Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Second Supplemental Trust Agreement or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Second Supplemental Trust Agreement;

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) to add to the covenants and agreements of the Authority in this Second Supplemental Trust Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority;

(d) to permit the qualification of this Second Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Authority so determines, to add to this Second Supplemental Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law; or

(e) to provide for the issuance of Series 2021 Bonds in bearer form.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause at the Authority's direction and expense a notice of the proposed supplemental trust agreement to be mailed first-class, postage prepaid, to the Local Government Commission and to all Owners of the Series 2021 Bonds. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2021 Bonds. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental trust agreement.

Section 502. Modification of Second Supplemental Trust Agreement with Consent of Owners. Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2021 Bonds then Outstanding that will be affected, as defined in Section 503, by a proposed supplemental trust agreement shall have the right, from time to time, anything contained in this Second Supplemental Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the Authority and the Trustee of such supplemental trust agreement as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Second Supplemental Trust Agreement or in any supplemental trust agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2021 Bond without the consent of the Owner of such Series 2021 Bond, (b) a reduction in the principal amount of any Series 2021 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2021 Bond, (c) the creation of a pledge, charge and lien upon the Revenues other than the pledge, charge and lien created by the Trust Agreement without the consent of all Owners of the Series 2021 Bonds then Outstanding, (d) a preference or priority of any Series 2021 Bond over any other Series 2021 Bond without the consent of all Owners of

the Series 2021 Bonds then Outstanding, or (e) a reduction in the aggregate principal amount of Series 2021 Bonds required for consent to such supplemental trust agreement without the consent of all Owners of the Series 2021 Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental trust agreement as authorized in Section 501.

The Trustee shall, at the direction and expense of the Authority, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to the Local Government Commission and all Owners of the Series 2021 Bonds as of the date such notice is mailed. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the Authority shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2021 Bonds then Outstanding that are affected, as defined in Section 503, by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2021 Bonds Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected, as defined in Section 503, by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner shall have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the Authority or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Upon the execution and delivery of any supplemental trust agreement pursuant to the provisions of this Section or Section 501, this Second Supplemental Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Second Supplemental Trust Agreement of the Authority, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Second Supplemental Trust Agreement, as so modified and amended.

Section 503. Series 2021 Bonds Affected. For purposes of this Second Supplemental Trust Agreement, Series 2021 Bonds shall be deemed to be "affected" by a supplemental trust agreement if the same adversely affects or diminishes the rights of Owners against the Authority or the rights of the Owners in the security for such Series 2021 Bonds. The Trustee may in its discretion determine whether any Series 2021 Bonds would be affected by any supplemental trust agreement, and any such determination shall be conclusive upon the Owners of all Series 2021 Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

Section 504. Exclusion of Certain Series 2021 Bonds. Series 2021 Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Series 2021 Bonds provided for in this Article, and the Authority as Owner of such Series 2021 Bonds shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee an Officer's Certificate upon which the Trustee may rely, describing all Series 2021 Bonds so to be excluded.

Section 505. Responsibilities of Trustee and Authority under this Article. The Trustee and the Authority shall be entitled to exercise their discretion in determining whether or not any proposed supplemental trust agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Authority, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of counsel approved by it, who may be bond counsel for the Authority, as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Second Supplemental Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to execute and deliver such supplemental trust agreement.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

Section 601. Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Authority, the Local Government Commission, the Trustee or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested postage prepaid, or by overnight courier, addressed as follows:

- (a) As to the Authority – North Carolina Turnpike Authority  
1 South Wilmington Street  
1578 Mail Service Center  
Raleigh, NC 27699-1578
- With a copy to – NCDOT Secretary  
1 South Wilmington Street  
1501 Mail Service Center  
Raleigh, NC 27699-1501
- And to – NCDOT CFO  
1 South Wilmington Street  
1514 Mail Service Center  
Raleigh, NC 27699-1515
- (b) As to the Trustee or Bond Registrar– Wells Fargo Bank, N.A.  
123 S. Broad Street, Suite 1500  
Philadelphia, PA 19109  
Attention: Cody Fedorishen, Corporate Trust Services  
Phone: (215) 670-6573  
Fax: (877) 775-7570  
Email: [Cody.Fedorishen@wellsfargo.com](mailto:Cody.Fedorishen@wellsfargo.com)

(c) As to the Local Government Commission – North Carolina Local Government Commission  
3200 Atlantic Avenue  
Raleigh, NC 27604  
Attention: Secretary

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by e-mail or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed by reasonable means.

Any of such addresses may be changed at any time upon written notice of such change sent by United States mail, postage prepaid, to the other parties by the party effecting the change.

Section 602. Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the Authority, the Local Government Commission, the Trustee or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Second Supplemental Trust Agreement, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Second Supplemental Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

Section 603. Authority, Trustee, Bond Registrar and Owners Alone Have Rights under Second Supplemental Trust Agreement. Except as herein otherwise expressly provided, nothing in this Second Supplemental Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Authority, the Trustee, the Bond Registrar and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Second Supplemental Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Authority, the Trustee, the Bond Registrar and the Owners.

Section 604. Effect of Partial Invalidity. In case any one or more of the provisions of this Second Supplemental Trust Agreement or the Series 2021 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Second Supplemental Trust Agreement or the Series 2021 Bonds, but this Second Supplemental Trust Agreement and the Series 2021 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Second Supplemental Trust Agreement or the Series 2021 Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

Section 605. Effect of Covenants: Governing Law. All covenants, stipulations, obligations and agreements of the Authority contained in this Second Supplemental Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the State. This Second Supplemental Trust Agreement is executed and delivered with the intent that the laws of the State shall govern this construction.

Section 606. Headings. Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Second Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 607. Further Authority. The officers of the Authority, attorneys, engineers and other agents or employees of the Authority are hereby authorized to do all acts and things required of them by



this Second Supplemental Trust Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2021 Bonds and this Second Supplemental Trust Agreement.

Section 608. Payment Due on Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Second Supplemental Trust Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Second Supplemental Trust Agreement.

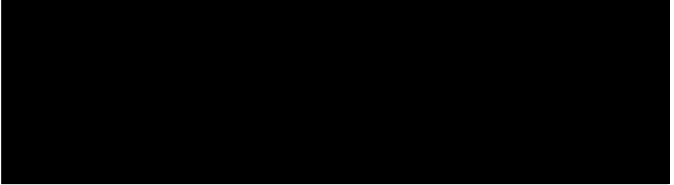
Section 609. Multiple Counterparts. This Second Supplemental Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 610. E-Verify. The Trustee understands that "E-Verify" is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the NCGS. The Trustee uses E-Verify to verify the work authorization of its employees in accordance with Section 64-26(a) of the NCGS. The Trustee will require that any subcontractor that it uses in connection with the transactions contemplated by this Supplemental Agreement certify to such subcontractor's compliance with E-Verify.

[remainder of page left intentionally blank]

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Second Supplemental Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

**NORTH CAROLINA TURNPIKE AUTHORITY**

B 

**WELLS FARGO BANK, N.A., Trustee**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

IN WITNESS WHEREOF, the Authority and the Trustee have caused this Second Supplemental Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

**NORTH CAROLINA TURNPIKE AUTHORITY**

By: \_\_\_\_\_  
Chairman

**WELLS FARGO BANK, N.A., Trustee**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT A**

**FORM OF SERIES 2021 BOND**

R-\_\_\_\_\_

\$\_\_\_\_\_

**United States of America  
State of North Carolina**

**NORTH CAROLINA TURNPIKE AUTHORITY  
MONROE EXPRESSWAY SYSTEM  
STATE APPROPRIATION REVENUE  
REFUNDING BONDS, SERIES 2021 (FORWARD DELIVERY)**

Interest Rate	Maturity Date	CUSIP
_____ %	July 1, 20__	

The North Carolina Turnpike Authority (the "*Authority*"), a body corporate and politic and public instrumentality duly organized and existing under the laws of the State of North Carolina, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO. or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of Wells Fargo Bank, N.A., initially its corporate trust office located in Minneapolis, Minnesota (the "*Bond Registrar*"), the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_).

The Authority also promises to pay, but solely from said sources, interest on this Bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to July 1, 2021, in which event it shall bear interest from its date, payable on January 1 and July 1 of each year, beginning July 1, 2021, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date (as defined in the Original Trust Agreement hereinafter mentioned) for the payment of such defaulted interest to be fixed by the Trustee (hereinafter mentioned), notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2021 Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Trust Agreement. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond is one of a duly authorized series of revenue bonds of the Authority designated "Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2021 (Forward Delivery)" (the "*Series 2021 Bonds*"), issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act (as defined in the Trust Agreement), an order of the Authority adopted on May 7, 2020,

authorizing the issuance of the Series 2021 Bonds, a Trust Agreement, dated as of October 1, 2010 (the "*Original Trust Agreement*"), as previously supplemented and amended by a First Supplemental Trust Agreement dated as of November 1, 2011 (the "*First Supplemental Trust Agreement*") and as further supplemented by a Second Supplemental Trust Agreement dated as of April 1, 2021 (the "*Second Supplemental Trust Agreement*," and together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "*Trust Agreement*"), between the Authority and Wells Fargo Bank, N.A., as trustee (in such capacity, the "*Trustee*"). The Series 2021 Bonds are being issued for the purpose of providing funds, together with any other available funds, (a) to refund the portion of the outstanding \$214,505,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2011 (the "*Series 2011 Bonds*") maturing on July 1, 2022 through 2041 (the "*Refunded Bonds*") and (b) to pay the costs incurred in connection with the issuance of the Series 2021 Bonds. The Series 2021 Bonds are secured in parity with the Authority's \$233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds), previously issued (the "*Series 2010A Bonds*") and the Series 2011 Bonds maturing on July 1, 2021.

The Series 2021 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Trust Agreement. One bond certificate with respect to each date on which the Series 2021 Bonds are stated to mature, in the aggregate principal amount of the Series 2021 Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("*DTC*"), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2021 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2021 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of or redemption premium, if any, and interest on this Bond shall be made in accordance with the existing arrangements between the Bond Registrar and DTC.

The Series 2021 Bonds are special obligations of the Authority secured by a pledge, charge and lien upon Revenues. Pursuant to the Trust Agreement, the "Revenues" consist of (a) any funds appropriated to the Authority by the State of North Carolina pursuant to NCGS Section 136-176 or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on bonds issued to finance the Monroe Expressway System or to fund debt service reserves, operating reserves or similar reserves, (b) interest subsidy payments paid to the Authority from the United States Treasury under the "Build America Bond" program made in connection with the Series 2010A Bonds in an amount equal to 35% of the corresponding interest payable on the Series 2010A Bonds, and (c) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund, the Debt Service Fund or the Reserve Fund (as such terms are hereafter defined). The Authority is not obligated to pay the principal of or the interest on the Series 2021 Bonds except as provided in the Trust Agreement from Revenues or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Authority is pledged to the payment of the principal of and premium, if any, and the interest on the Series 2021 Bonds.

Reference is made to the Trust Agreement for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the registered owners of the Series 2021 Bonds. Copies

of the Trust Agreement will be available for inspection by any registered owner of the Series 2021 Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the Trust Agreement.

The Trust Agreement provides for the creation of a special fund designated "North Carolina Turnpike Authority Monroe Expressway System State Appropriation Revenue Bonds Debt Service Fund," and within such fund four special accounts to be known as the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account, all of which are pledged and charged with the payment of the principal of and the interest on the Series 2021 Bonds issued under the Trust Agreement, including the Series 2021 Bonds. The Trust Agreement provides for the deposit of Revenues to the credit of the accounts to the extent and in the manner provided in the Trust Agreement.

At the principal corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Trust Agreement, Series 2021 Bonds may be exchanged for an equal aggregate principal amount of Series 2021 Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its principal corporate trust office books for the registration of transfer of the Series 2021 Bonds. The transfer of this Bond may be registered only upon such books and as otherwise provided in the Trust Agreement upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

The Series 2021 Bonds maturing on or after July 1, 2032, are subject to redemption, at the option of the Authority, in whole or in part on any date on or after July 1, 2031, from any moneys that may be available for such purpose, at 100% of principal amount of the Series 2021 Bonds to be redeemed, plus accrued interest to the redemption date, all in the manner provided in the Trust Agreement.

At least thirty (30) days but not more than sixty (60) days prior to the redemption date of any Series 2021 Bonds to be redeemed, whether such redemption is in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all registered owners of Series 2021 Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2021 Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2021 Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Series 2021 Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all of the Series 2021 Bonds are to be called for redemption, the Series 2021 Bonds to be so redeemed shall be selected for redemption in the manner set forth in the Trust Agreement.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement.



Modifications or alterations of the Trust Agreement or in any supplement trust agreement thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement.

This Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution and delivery of the Second Supplemental Trust Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

**IN WITNESS WHEREOF**, the North Carolina Turnpike Authority, by an order duly adopted by its Board, has caused this Bond to be manually signed by the Chairman of the Authority and the Secretary-Treasurer of the Authority to impress its corporate seal hereon and to attest the same, all as of the 6<sup>th</sup> day of April, 2021.

**NORTH CAROLINA TURNPIKE AUTHORITY**

[SEAL]

By: \_\_\_\_\_  
Chairman

By: \_\_\_\_\_  
Secretary-Treasurer

### **CERTIFICATE OF LOCAL GOVERNMENT COMMISSION**

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

\_\_\_\_\_  
Secretary  
Local Government Commission

### **CERTIFICATE OF AUTHENTICATION**

This Bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Trust Agreement.

[SEAL]

**WELLS FARGO BANK, N.A.**, as Bond Registrar

By: \_\_\_\_\_  
Authorized Signatory

Date of authentication: \_\_\_\_\_, 2021

**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto

---

---

PLEASE INSERT SOCIAL SECURITY NUMBER  
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

---

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PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE \_\_\_\_\_  
\_\_\_\_\_ the within bon and all right thereunder, and  
hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer the within  
bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

In the presence of:

---

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

---

The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

**THIRD SUPPLEMENTAL TRUST AGREEMENT**

Dated as of April 1, 2024

By and Between

**NORTH CAROLINA TURNPIKE AUTHORITY**

and

**COMPUTERSHARE TRUST COMPANY, N.A.,**

Trustee

Supplementing a Trust Agreement  
dated as of October 1, 2010, as previously supplemented

Authorizing and Securing

**\$182,810,000**

**North Carolina Turnpike Authority  
Monroe Expressway System  
State Appropriation Revenue Refunding Bonds  
Series 2024**

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This **THIRD SUPPLEMENTAL TRUST AGREEMENT**, dated as of April 1, 2024 (the "*Third Supplemental Trust Agreement*"), between the **NORTH CAROLINA TURNPIKE AUTHORITY** (the "*Authority*"), a body public and corporate within the Department of Transportation ("NCDOT"), a public agency of the State of North Carolina (the "*State*"), duly existing under the laws of the State and **COMPUTERSHARE TRUST COMPANY, N.A.**, a national banking association duly organized and existing under the laws of the United States of America and having a designated corporate trust office in Philadelphia, Pennsylvania, which is authorized under such laws to exercise trust powers (the "*Trustee*");

WITNESSETH:

**WHEREAS**, the Authority is duly organized and existing under the laws of the State within the NCDOT, and is authorized under Article 6H (Public Tolls Roads and Bridges) of Chapter 136, as amended (the "*Act*"), of the North Carolina General Statutes (the "*NCGS*") and The State and Local Government Revenue Bond Act, Article 5 of Chapters 159, as amended, of the G.S. (the "*Revenue Bond Act*") to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping "turnpike projects" (as defined in the Act);

**WHEREAS**, pursuant to Section 136-176(b2) of the G.S., the North Carolina General Assembly has provided for an annual appropriation to the Authority in the amount of \$24,000,000 to be used to pay debt service or related financing costs and expenses on revenue bonds issued by the Authority to finance the Monroe Expressway System or to fund reserves in connection therewith and that such appropriation shall constitute "revenues" of the Authority within the meaning of the Revenue Bond Act;

**WHEREAS**, the Authority and the Trustee have heretofore entered into the Trust Agreement, dated as of October 1, 2010 (the "*Original Trust Agreement*"), as supplemented and amended by a First Supplemental Trust Indenture, dated as of November 1, 2011 (the "*First Supplemental Trust Agreement*") and a Second Supplemental Trust Indenture, dated as of April 1, 2021 (the "*Second Supplemental Trust Agreement*") and together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "*Prior Trust Agreement*"), to provide for the issuance of bonds in order to provide funds to finance, together with other available funds, costs of acquisition, construction, installation and equipping of the Monroe Expressway System (the "*Project*"), and related reserves and other costs;

**WHEREAS**, pursuant to the Prior Trust Agreement, the Authority has previously issued its \$233,920,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the "*Series 2010A Bonds*"), its \$214,505,000 Monroe Connector System State Appropriation Revenue Bonds, Series 2011 (the "*Series 2011 Bonds*"), and its \$73,985,000 Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2021 (Forward Delivery) (the "*Series 2021 Bonds*"), each issued to finance or refinance, in part, the Project;

**WHEREAS**, pursuant to the Act, the Prior Trust Agreement, this Third Supplemental Trust Agreement (together with the Prior Trust Agreement, the "*Trust Agreement*"), and a Bond Order adopted by the Authority on March 26, 2024 (the "*Bond Order*"), the Authority is issuing its \$182,810,000 North Carolina Turnpike Authority Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2024 (the "*Series 2024 Bonds*") as refunding bonds under Section 208 of the Original Trust Agreement, to provide funds, together with other available funds, to (a) refund the outstanding Series 2010A Bonds (the "*Refunded Bonds*") and (b) pay the costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds;

**WHEREAS**, the Series 2011 Bonds are no longer outstanding, and upon the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds, the Series 2024 Bonds will be secured on parity with the Series 2021 Bonds;

**WHEREAS**, all acts, conditions and things required by the Constitution and laws of the State, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Third Supplemental Trust Agreement have happened, exist and have been performed as required to make this agreement a valid and binding trust agreement supplementing the Prior Trust Agreement and providing for the Series 2024 Bonds to be secured by the Trust Estate; and

**WHEREAS**, the Authority and the Trustee have determined to enter into this Third Supplemental Trust Agreement in order to provide for the issuance of the Series 2024 Bonds and set forth the details thereof:

**NOW, THEREFORE**, in consideration of the mutual covenants and contained herein, the parties hereto agree as follows:

## **ARTICLE I DEFINITIONS**

**Section 101. Meaning of Words and Terms.** In addition to the definitions in the introductory paragraphs hereto, unless otherwise required by the context, words and terms used herein which are defined in the Prior Trust Agreement shall have the meanings assigned to them therein, and the following words and terms shall have the following meanings:

"*Closing*" means the delivery of and payment for the Series 2024 Bonds.

"*Closing Date*" means the date of the Closing.

"*Interest Payment Date*" means, for the Series 2024 Bonds, any January 1 or July 1, commencing July 1, 2024.

"*Official Statement*" means the Official Statement dated March 27, 2024, related to the Series 2024 Bonds, as supplemented and amended.

"*Series 2024 Bonds*" means the North Carolina Turnpike Authority Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2024.

**Section 102. Rules of Construction.** Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words used herein shall include the plural as well as the singular number. References herein to particular articles or sections are references to articles or sections of this Third Supplemental Trust Agreement unless some other reference is indicated.

## ARTICLE II AUTHORIZATION, FORMS, ISSUANCE, DELIVERY AND REGISTRATION OF THE SERIES 2024 BONDS

### Section 201. Authorization and Issuance of the Series 2024 Bonds.

(a) For the purpose of providing funds, together with any other available funds, to (1) to refund the Refunded Bonds, and (2) to pay the costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds, there shall be issued, under and pursuant to the Constitution and the laws of the State, including the Act, the Trust Agreement and the Bond Order, a Series of Bonds of the Authority designated "Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2024" in the aggregate principal amount of \$182,810,000. The Series 2024 Bonds shall be Additional Bonds issued under Section 208 of the Original Trust Agreement.

The Series 2024 Bonds shall be dated the date of delivery thereof, shall bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months) until their payment, such interest being payable semiannually on each January 1 and July 1, beginning July 1, 2024, and shall be stated to mature on January 1 (subject to prior redemption as hereinafter provided), as follows:

<b>Year of Maturity (January 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Year of Maturity (January 1)</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2025	\$6,590,000	5.000%	2034	\$11,010,000	5.000%
2026	\$7,480,000	5.000%	2035	\$11,555,000	5.000%
2027	\$7,845,000	5.000%	2036	\$12,125,000	5.000%
2028	\$8,235,000	5.000%	2037	\$12,725,000	5.000%
2029	\$8,640,000	5.000%	2038	\$13,355,000	5.000%
2030	\$9,070,000	5.000%	2039	\$14,020,000	5.000%
2031	\$9,520,000	5.000%	2040	\$14,715,000	5.000%
2032	\$9,995,000	5.000%	2041	\$15,440,000	5.000%
2033	\$10,490,000	5.000%			

(b) Computershare Trust Company, N.A. is hereby appointed Bond Registrar for the Series 2024 Bonds and shall execute the certificates of authentication therein. The Series 2024 Bonds shall be issued by means of a book-entry system with no physical distribution of bond certificates to be made except as hereinafter provided. One bond certificate with respect to each date on which the Series 2024 Bonds are stated to mature, in the aggregate principal amount of the Series 2024 Bonds stated to mature on such date and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), will be issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2024 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The principal of and any redemption premium on each Series 2024 Bond and interest with respect thereto shall be payable to Cede & Co. or any other person appearing on the registration books of the Authority as the registered owner of such Series 2024 Bond or its registered assigns or legal representatives. Transfer of principal, interest and any redemption premium payments to participants of DTC will be the responsibility of DTC, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2024 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority, the Bond Registrar and the Trustee will not be responsible or liable for such

transfers of payments or for maintaining, supervising or reviewing records maintained by DTC, its participants or persons acting through such participants.

In the event that (a) DTC determines not to continue to act as Securities Depository for the Series 2024 Bonds or (b) the Authority determines that continuation of the book-entry system of evidence and transfer of ownership of the Series 2024 Bonds would adversely affect the interests of the beneficial owners of the Series 2024 Bonds, the Authority will discontinue the book-entry system with DTC. If the Authority identifies another qualified Securities Depository to replace DTC, the Authority will make arrangements with DTC and such other Securities Depository to effect such replacement and deliver replacement bonds registered in the name of such other Securities Depository or its Securities Depository Nominee in exchange for the outstanding Series 2024 Bonds, and the references to DTC or Cede & Co. in this Third Supplemental Trust Agreement shall thereupon be deemed to mean such other Securities Depository or its Securities Depository Nominee. If the Authority fails to identify another qualified Securities Depository to replace DTC, the Authority will deliver replacement bonds in the form of fully registered certificates in the denomination of \$5,000 or any whole multiple thereof in exchange for the outstanding Bonds as required by DTC and others.

The Series 2024 Bonds shall be executed substantially in the form set forth in Exhibit A hereto and in the manner herein set forth and shall be deposited with the Bond Registrar for authentication and delivery to the State Treasurer for redelivery to the purchasers thereof, but only upon the deposit with the Trustee of the purchase price of the Series 2024 Bonds and the accrued interest thereon.

Simultaneously with the issuance of the Series 2024 Bonds and the deposit of the proceeds of the Series 2024 Bonds with the Trustee, the Trustee shall apply the proceeds in the amount of \$206,909,068.74 (representing the \$182,810,000.00 principal amount of the Series 2024 Bonds, plus original issue premium of \$24,586,084.40, less an underwriters' discount of \$487,015.66) as directed by the Authority pursuant to an Officer's Certificate filed with the Trustee simultaneously with the issuance of the Series 2024 Bonds.

### **ARTICLE III REDEMPTION OF SERIES 2024 BONDS**

#### **Section 301. Redemption of Series 2024 Bonds.**

(a) The Series 2024 Bonds shall not be subject to prior redemption except as provided in this Article III and the Original Trust Agreement.

(b) The Series 2024 Bonds maturing on or after January 1, 2035, are subject to redemption prior to their respective maturities, at the option of the Authority, from any moneys that may be available for such purpose, either in whole or in part on any date on or after January 1, 2034, at 100% of the principal amount of Series 2024 Bonds to be redeemed, plus accrued interest to the date fixed for redemption.

**Section 302. Selection of Series 2024 Bonds for Redemption.** The Series 2024 Bonds shall be redeemed only in whole multiples of \$5,000. If less than all the Series 2024 Bonds are called for redemption, the maturities or portions of maturities of Series 2024 Bonds to be so redeemed shall be as set forth in an Officer's Certificate filed with the Trustee. If less than all of the Series 2024 Bonds of any one maturity are to be called for redemption, and the Series 2024 Bonds are not held in book-entry only form, the Bond Registrar shall effect the redemption of the Series 2024 Bonds of such maturity on a pro-rata basis among registered owners, subject to \$5,000 minimum denomination requirements, using such method as the Trustee shall deem fair and appropriate. If the Series 2024 Bonds are held in book-entry only form, and less than all of the Series 2024 Bonds of any one maturity are to be called for redemption, the particular Series

2024 Bonds or portions thereof to be redeemed shall be selected in accordance with the procedures of the Securities Depository.

#### **ARTICLE IV GENERAL COVENANTS AND REPRESENTATIONS**

**Section 401. Cost of Issuance Account.** The Series 2024 Bond Cost of Issuance Account is hereby established as a separate account within the Project Fund. In accordance with the directions provided in the Officer's Certificate filed with the Trustee, proceeds of the Series 2024 Bonds in the amount of \$530,279.21 shall be deposited in the Series 2024 Cost of Issuance Account and used to pay, or reimburse the Authority for paying, costs related to the issuance of the Series 2024 Bond and the refunding the Refunded Bonds.

**Section 402. Covenant as to Arbitrage.** The Authority covenants that so long as any of the Series 2024 Bonds remain Outstanding, money on deposit in any fund, account or subaccount maintained in connection with the Series 2024 Bonds, regardless of whether such money was derived from the proceeds of the sale of the Series 2024 Bonds or from any other sources, will not be used in a manner that would cause any of the Series 2024 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and applicable regulations promulgated from time to time thereunder, except for moneys on deposit in such funds, accounts or subaccounts with respect to any Series 2024 Bonds not intended to be tax-exempt under the provisions of the Code. The Authority further covenants and agrees to comply with the requirements of Section 148 of the Code and applicable regulations promulgated from time to time thereunder with respect to any Series 2024 Bonds.

**Section 403. Continuing Disclosure.** The Authority hereby undertakes, for the benefit of the beneficial owners of the Series 2024 Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB"):

(a) by not later than seven months from the end of each Fiscal Year, commencing with the Fiscal Year ending June 30, 2024, audited financial statements of the Authority for such Fiscal Year, if available, prepared in accordance with NCGS Section 159-34, as it may be amended from time to time, or any successor statute, or, if such audited financial statements of the Authority are not available by seven months from the end of such Fiscal Year, unaudited financial statements of the Authority for such Fiscal Year to be replaced subsequently by audited financial statements of the Authority to be delivered within fifteen (15) days after such audited financial statements become available for distribution;

(b) by not later than seven months from the end of each fiscal year of the State, commencing with the fiscal year ending June 30, 2024, financial and statistical data as of a date not earlier than the end of the preceding fiscal year for the type of information included under the tables in the Official Statement under the section "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2024 BONDS – Highway Trust Fund" listed below, to the extent such items are not included in the financial statements referred to in (a) above:

- "Highway Trust Fund Tax and Non-Tax Revenue"
- "Debt Service and Statutory Commitments Paid from the Highway Trust Fund"
- "Debt Service Payments Remaining to be Paid from the Highway Trust Fund"
- "Transfers In and Out of the Highway Trust Fund"
- "Cash Balance Table"
- "Highway Trust Fund"
- "Highway Fund"

(c) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2024 Bonds:

- (1) principal and interest payment delinquencies;
- (2) unscheduled draws on debt service reserves reflecting financial difficulties;
- (3) unscheduled draws on credit enhancements reflecting financial difficulties;
- (4) substitution of credit or liquidity providers, or their failure to perform;
- (5) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issues (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Series 2024 Bonds, or other material events affecting the tax status of the Series 2024 Bonds;
- (6) defeasances;
- (7) rating changes;
- (8) tender offers;
- (9) bankruptcy, insolvency, receivership or similar proceeding by the Authority; and
- (10) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the Authority, any of which reflect financial difficulties;

(d) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2024 Bonds, if material:

- (1) non-payment related defaults;
- (2) modification to the rights of the beneficial owners of the Series 2024 Bonds;
- (3) bond calls, other than bond calls relating to mandatory sinking fund redemption;
- (4) release, substitution or sale of any property securing repayment of the Series 2024 Bonds;
- (5) mergers, consolidations, acquisition and sales of assets (other than in the ordinary course of business);
- (6) appointment of a successor or additional trustee or a change in the name of the trustee;
- (7) legislation shall be filed with the North Carolina General Assembly by the Governor of North Carolina or legislation is reported out of a committee in either body of the General Assembly which, if adopted in the form so filed or reported, would result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year;



(8) an administrative action is taken by the Governor of North Carolina, NCDOT or any other agency or authority of the State which will result in a reduction or delay in the receipt of \$24 million in State Appropriated Revenues in any Bond Year; and

(9) incurrence of a financial obligation of the Authority, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Authority, any of which affect security holders, if material.

(e) In a timely manner following the occurrence of a failure, notice of a failure of the Authority to provide required annual financial information described in (a) or (b) above on or before the date specified.

For purposes of the undertakings described in (c)(10) and (d)(9) above, "financial obligation" means (i) a debt obligation, (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) a guarantee of either clause (i) or (ii) above. The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12 (as defined below).

The Authority may meet the continuing disclosure filing requirements described above by (i) providing the required information directly through the MSRB's Electronic Municipal Market Access (EMMA) System or (ii) complying with any other procedure the MSRB or the U.S. Securities and Exchange Commission implements.

If the Authority fails to comply with the undertaking described above, the Trustee or any beneficial owner of the Series 2024 Bonds may take action to protect and enforce the rights of all beneficial owners with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking shall not be an Event of Default under this Trust Agreement and shall not result in any acceleration of the Series 2024 Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all beneficial owners of the Series 2024 Bonds.

The Authority reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Authority, provided that:

(a) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Authority;

(b) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("*Rule 15c2-12*") as of the date of the Official Statement, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(c) any such modification does not materially impair the interests of the Owners of the Series 2024 Bonds, as determined by the Trustee or bond counsel to the Authority, or by approving vote of the Owners of a majority in principal amount of the Series 2024 Bonds then Outstanding pursuant to the terms of the Trust Agreement at the time of the amendment.

In the event that the Authority makes such a modification, the annual financial information containing the modified operating data or financial information shall explain, in narrative form, the reasons for the modification and the impact of the change in the type of operating data or financial information being provided.

The provisions of this Section shall terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full of the principal of and interest on all of the Series 2024 Bonds.

## **ARTICLE V SUPPLEMENTAL TRUST AGREEMENTS**

**Section 501. Supplemental Trust Agreements Without Consent of Owners.** The Authority may, from time to time and at any time, execute and deliver such supplemental trust agreements supplemental hereto (which supplemental trust agreements shall thereafter form a part hereof) as shall be substantially consistent with the terms and provisions of this Third Supplemental Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, shall not materially and adversely affect the interest of the Owners:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Third Supplemental Trust Agreement or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Third Supplemental Trust Agreement;

(b) to grant or to confer upon the Trustee for the benefit of the Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners or the Trustee;

(c) to add to the covenants and agreements of the Authority in this Third Supplemental Trust Agreement other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority;

(d) to permit the qualification of this Third Supplemental Trust Agreement under any federal statute now or hereafter in effect or under any state Blue Sky law, and, in connection therewith, if the Authority so determines, to add to this Third Supplemental Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or Blue Sky law; or

(e) to provide for the issuance of Series 2024 Bonds in bearer form.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes of this Section, the Trustee shall cause at the Authority's direction and expense a notice of the proposed supplemental trust agreement to be mailed first-class, postage prepaid, to the Local Government Commission and to all Owners of the Series 2024 Bonds. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners of the Series 2024 Bonds. A failure on the part of the Trustee to mail the notice required by this Section shall not affect the validity of such supplemental trust agreement.

**Section 502. Modification of Third Supplemental Trust Agreement with Consent of Owners.** Subject to the terms and provisions contained in this Section, and not otherwise, the Owners of not less than a majority in aggregate principal amount of the Series 2024 Bonds then Outstanding that will be affected, as defined in Section 503, by a proposed supplemental trust agreement shall have the right, from time to time, anything contained in this Third Supplemental Trust Agreement to the contrary notwithstanding, to consent to and approve the execution and delivery by the Authority and the Trustee of

such supplemental trust agreement as shall be deemed necessary or desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Third Supplemental Trust Agreement or in any supplemental trust agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Series 2024 Bond without the consent of the Owner of such Series 2024 Bond, (b) a reduction in the principal amount of any Series 2024 Bond or the redemption premium or the rate of interest thereon without the consent of the Owner of such Series 2024 Bond, (c) the creation of a pledge, charge and lien upon the Revenues other than the pledge, charge and lien created by the Trust Agreement without the consent of all Owners of the Series 2024 Bonds then Outstanding, (d) a preference or priority of any Series 2024 Bond over any other Series 2024 Bond without the consent of all Owners of the Series 2024 Bonds then Outstanding, or (e) a reduction in the aggregate principal amount of Series 2024 Bonds required for consent to such supplemental trust agreement without the consent of all Owners of the Series 2024 Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by the Owners of the execution and delivery of any supplemental trust agreement as authorized in Section 501.

The Trustee shall, at the direction and expense of the Authority, such expense to be paid from the Revenue Fund or from any other available moneys, cause notice of the proposed supplemental trust agreement to be mailed, postage prepaid, to the Local Government Commission and all Owners of the Series 2024 Bonds as of the date such notice is mailed. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the designated corporate trust office of the Trustee for inspection by all Owners. The Trustee shall not, however, be subject to any liability to any Owner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section.

Whenever, at any time within three (3) years after the date of the mailing of such notice, the Authority shall deliver to the Trustee an instrument or instruments in writing purporting to be executed by the Owners of not less than a majority in aggregate principal amount of Series 2024 Bonds then Outstanding that are affected, as defined in Section 503, by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution and delivery thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Authority and the Trustee may execute and deliver such supplemental trust agreement in substantially such form, without liability or responsibility to any Owner, whether or not such Owner shall have consented thereto.

If the Owners of not less than a majority in aggregate principal amount of the Series 2024 Bonds Outstanding at the time of the execution and delivery of such supplemental trust agreement and that are affected, as defined in Section 503, by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as herein provided, to the extent permitted by law, no Owner shall have any right to object to the execution and delivery of such supplemental trust agreement, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution and delivery thereof, or enjoin or restrain the Authority or the Trustee from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Upon the execution and delivery of any supplemental trust agreement pursuant to the provisions of this Section or Section 501, this Third Supplemental Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Third Supplemental Trust Agreement of the Authority, the Trustee and all Owners shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Third Supplemental Trust Agreement, as so modified and amended.

**Section 503. Series 2024 Bonds Affected.** For purposes of this Third Supplemental Trust Agreement, Series 2024 Bonds shall be deemed to be "affected" by a supplemental trust agreement if the same adversely affects or diminishes the rights of Owners against the Authority or the rights of the Owners in the security for such Series 2024 Bonds. The Trustee may in its discretion determine whether any Series 2024 Bonds would be affected by any supplemental trust agreement, and any such determination shall be conclusive upon the Owners of all Series 2024 Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

**Section 504. Exclusion of Certain Series 2024 Bonds.** Series 2024 Bonds owned or held by or for the account of the Authority shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Series 2024 Bonds provided for in this Article, and the Authority as Owner of such Series 2024 Bonds shall not be entitled to consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Authority shall furnish the Trustee an Officer's Certificate upon which the Trustee may rely, describing all Series 2024 Bonds so to be excluded.

**Section 505. Responsibilities of Trustee and Authority under this Article.** The Trustee and the Authority shall be entitled to exercise their discretion in determining whether or not any proposed supplemental trust agreement or any term or provision therein contained is desirable, after considering the purposes of such instrument, the needs of the Authority, the rights and interests of the Owners, and the rights, obligations and interests of the Trustee. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, the opinion of counsel approved by it, who may be bond counsel for the Authority, as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Third Supplemental Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to execute and deliver such supplemental trust agreement.

## **ARTICLE VI MISCELLANEOUS PROVISIONS**

**Section 601. Manner of Giving Notice.** All notices, demands and requests to be given to or made hereunder by the Authority, the Local Government Commission, the Trustee or the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered or certified mail, return receipt requested postage prepaid, or by overnight courier, addressed as follows:

(a) As to the Authority – North Carolina Turnpike Authority  
1 South Wilmington Street  
1578 Mail Service Center  
Raleigh, North Carolina 27699-1578

With a copy to – NCDOT Secretary  
1 South Wilmington Street  
1501 Mail Service Center  
Raleigh, North Carolina 27699-1501

And to – NCDOT CFO  
1 South Wilmington Street  
1514 Mail Service Center  
Raleigh, North Carolina 27699-1515

- |     |   |   |
|-----|---|---|
| (b) | As to the Trustee or<br>Bond Registrar–       | Computershare Trust Company, N.A.<br>1505 Energy Park Drive<br>St. Paul, Minnesota 55108<br>Attention: Cody Fedorishen, Corporate Trust Services<br>Phone: (215) 285-8737<br>Email: Cody.Fedorishen@computershare.com |
| (c) | As to the Local –<br>Government<br>Commission | North Carolina Local Government Commission<br>3200 Atlantic Avenue<br>Raleigh, North Carolina 27604<br>Attention: Secretary   |

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by e-mail or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed by reasonable means.

Any of such addresses may be changed at any time upon written notice of such change sent by United States mail, postage prepaid, to the other parties by the party effecting the change.

**Section 602. Substitute Mailing.** If, because of the temporary or permanent suspension of postal service, the Authority, the Local Government Commission, the Trustee or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Third Supplemental Trust Agreement, such party shall give notice in such other manner as in the judgment of such party shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Third Supplemental Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

**Section 603. Authority, Trustee, Bond Registrar and Owners Alone Have Rights under Third Supplemental Trust Agreement.** Except as herein otherwise expressly provided, nothing in this Third Supplemental Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Authority, the Trustee, the Bond Registrar and the Owners, any right, remedy or claim, legal or equitable, under or by reason of this Third Supplemental Trust Agreement or any provision being intended to be and being for the sole and exclusive benefit of the Authority, the Trustee, the Bond Registrar and the Owners.

**Section 604. Effect of Partial Invalidity.** In case any one or more of the provisions of this Third Supplemental Trust Agreement or the Series 2024 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Third Supplemental Trust Agreement or the Series 2024 Bonds, but this Third Supplemental Trust Agreement and the Series 2024 Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in this Third Supplemental Trust Agreement or the Series 2024 Bonds shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Authority to the full extent permitted by law.

**Section 605. Effect of Covenants: Governing Law.** All covenants, stipulations, obligations and agreements of the Authority contained in this Third Supplemental Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent permitted by the Constitution and laws of the State. This Third Supplemental Trust Agreement is executed and delivered with the intent that the laws of the State shall govern this construction.

**Section 606. Headings.** Any heading preceding the text of the several articles hereof, any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Third Supplemental Trust Agreement, nor shall they affect its meaning, construction or effect.

**Section 607. Further Authority.** The officers of the Authority, attorneys, engineers and other agents or employees of the Authority are hereby authorized to do all acts and things required of them by this Third Supplemental Trust Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Series 2024 Bonds and this Third Supplemental Trust Agreement.

**Section 608. Payment Due on Holidays.** If the date for making any payment or the last day for performance of any act or the exercising of any right as provided in this Third Supplemental Trust Agreement is not a Business Day, such payment may be made or act performed or right exercised on the next Business Day with the same force and effect as if done on the date provided in this Third Supplemental Trust Agreement.

**Section 609. Multiple Counterparts.** This Third Supplemental Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

**Section 610. E-Verify.** The Trustee understands that "E-Verify" is a federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program used to verify the work authorization of newly hired employees pursuant to federal law in accordance with Section 64-25(5) of the NCGS. The Trustee uses E-Verify to verify the work authorization of its employees in accordance with Section 64-26(a) of the NCGS. The Trustee will require that any subcontractor that it uses in connection with the transactions contemplated by this Third Supplemental Trust Agreement certify to such subcontractor's compliance with E-Verify.

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IN WITNESS WHEREOF, the Authority and the Trustee have caused this Third Supplemental Trust Agreement to be executed in their respective names by their respective duly authorized representatives all as of the date first written above.

**NORTH CAROLINA TURNPIKE AUTHORITY**

By: \_\_\_\_\_  
Name: Joseph R. Hopkins, P.E.  
Title: Chairman

**COMPUTERSHARE TRUST COMPANY, N.A.,**  
Trustee

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



**EXHIBIT A**  
**FORM OF SERIES 2024 BOND**

R-\_\_\_\_\_

\$\_\_\_\_\_

**United States of America**  
**State of North Carolina**

**NORTH CAROLINA TURNPIKE AUTHORITY**  
**MONROE EXPRESSWAY SYSTEM**  
**STATE APPROPRIATION REVENUE**  
**REFUNDING BONDS, SERIES 2024**

Interest Rate	Maturity Date	CUSIP
_____ %	January 1, 20__	

The North Carolina Turnpike Authority (the "*Authority*"), a body corporate and politic and public instrumentality duly organized and existing under the laws of the State of North Carolina, hereby promises to pay, but solely from the sources and in the manner hereinafter provided, to CEDE & CO. or registered assigns or legal representative, on the maturity date set forth above (or earlier as hereinafter referred to), upon the presentation and surrender hereof at the designated corporate trust office of Computershare Trust Company, N.A., initially its corporate trust office located in Minneapolis, Minnesota (the "*Bond Registrar*"), the principal sum of \_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_).

The Authority also promises to pay, but solely from said sources, interest on this Bond (calculated on the basis of a 360-day year consisting of twelve 30-day months) from the interest payment date next preceding the date on which it is authenticated, unless it is authenticated on an interest payment date, in which event it shall bear interest from such interest payment date, or it is authenticated prior to July 1, 2024, in which event it shall bear interest from its date, payable on January 1 and July 1 of each year, beginning July 1, 2024, at the rate per annum set forth above until the principal sum hereof is paid. The interest so payable and punctually paid or duly provided for on any interest payment date will be paid to the person in whose name this Bond is registered at the close of business on the Regular Record Date for such interest, which shall be the 15th day (whether or not a business day) of the calendar month next preceding such interest payment date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on such Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a Special Record Date (as defined in the Original Trust Agreement hereinafter mentioned) for the payment of such defaulted interest to be fixed by the Trustee (hereinafter mentioned), notice whereof being given to the registered owners not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Series 2024 Bonds (hereinafter mentioned) may be listed and upon such notice as may be required by such exchange, or as more fully provided in the Trust Agreement. All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond is one of a duly authorized series of revenue bonds of the Authority designated "Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2024" (the "*Series 2024 Bonds*"), issued under and pursuant to the Constitution and laws of the State of North Carolina, including the Act (as defined in the Trust Agreement), an order of the Authority adopted on March 26, 2024, authorizing the issuance of the Series 2024 Bonds, a Trust Agreement, dated as of October 1, 2010 (the "*Original Trust Agreement*"), as previously supplemented and amended by a First Supplemental Trust Agreement dated as of November 1, 2011 (the "*First Supplemental Trust Agreement*") and a Second Supplemental Trust Agreement dated as of April 1, 2021 (the "*Second Supplemental Trust Agreement*" and as further supplemented by a Third Supplemental Trust Agreement dated as of April 1, 2024 (the "*Third Supplemental Trust Agreement*," and together with the Original Trust Agreement, the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, the "*Trust Agreement*"), between the Authority and Computershare Trust Company, N.A., as successor trustee (in such capacity, the "*Trustee*"). The Series 2024 Bonds are being issued for the purpose of providing funds, together with any other available funds, (a) to refund the outstanding principal amount of the Authority's Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable - Build America Bonds) (the "*Refunded Bonds*") and (b) to pay the costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds. The Series 2024 Bonds are secured on parity with the Authority's \$73,985,000 Monroe Expressway System State Appropriation Revenue Refunding Bonds Series 2021 (Forward Delivery) (the "*Series 2021 Bonds*"), previously issued and currently outstanding.

The Series 2024 Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Trust Agreement. One bond certificate with respect to each date on which the Series 2024 Bonds are stated to mature, in the aggregate principal amount of the Series 2024 Bonds stated to mature on such date and registered in the name of Cede & Co., a nominee of The Depository Trust Company, New York, New York ("*DTC*"), is being issued and required to be deposited with DTC and immobilized in its custody. The book-entry system will evidence ownership of the Series 2024 Bonds in the principal amount of \$5,000 or any whole multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. Transfer of principal, interest and any redemption premium payments to beneficial owners of the Series 2024 Bonds by participants of DTC will be the responsibility of such participants and other nominees of such beneficial owners. The Authority will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. While Cede & Co. is the registered owner of this Bond, notwithstanding the provisions hereinabove contained, payments of principal of or redemption premium, if any, and interest on this Bond shall be made in accordance with the existing arrangements between the Bond Registrar and DTC.

The Series 2024 Bonds are special obligations of the Authority secured by a pledge, charge and lien upon Revenues. Pursuant to the Trust Agreement, the "Revenues" consist of (a) any funds appropriated to the Authority by the State of North Carolina pursuant to NCGS Section 136-176 or other legislation enacted by the General Assembly of the State providing for the annual appropriation of funds to the Authority to pay debt service on bonds issued to finance the Monroe Expressway System or to fund debt service reserves, operating reserves or similar reserves and (b) the investment income realized on, and the income and gains realized upon the maturity or sale of, securities held by or on behalf of the Authority in the Revenue Fund, the Debt Service Fund or the Reserve Fund (as such terms are hereafter defined). The Reserve Fund Requirement will be zero upon the issuance of the Series 2024 Bonds. The Authority is not obligated to pay the principal of or the interest on the Series 2024 Bonds except as provided in the Trust Agreement from Revenues or certain other monies made available therefor under the Trust Agreement, and neither the faith and credit nor the taxing power of the State of North Carolina or any political subdivision thereof or the Authority is pledged to the payment of the principal of and premium, if any, and the interest on the Series 2024 Bonds.

Reference is made to the Trust Agreement for a more complete statement of the provisions thereof and of the rights of the Authority, the Trustee and the registered owners of the Series 2024 Bonds. Copies of the Trust Agreement will be available for inspection by any registered owner of the Series 2024 Bonds at all reasonable times at the designated corporate trust office of the Trustee. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the Trust Agreement.

The Trust Agreement provides for the creation of a special fund designated "North Carolina Turnpike Authority Monroe Expressway System State Appropriation Revenue Bonds Debt Service Fund," and within such fund four special accounts to be known as the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account, all of which are pledged and charged with the payment of the principal of and the interest on the Series 2024 Bonds issued under the Trust Agreement, including the Series 2024 Bonds. The Trust Agreement provides for the deposit of Revenues to the credit of the accounts to the extent and in the manner provided in the Trust Agreement.

At the principal corporate trust office of the Bond Registrar, in the manner and subject to the conditions provided in the Trust Agreement, Series 2024 Bonds may be exchanged for an equal aggregate principal amount of Series 2024 Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bond Registrar shall keep at its principal corporate trust office books for the registration of transfer of the Series 2024 Bonds. The transfer of this Bond may be registered only upon such books and as otherwise provided in the Trust Agreement upon the surrender hereof to the Bond Registrar together with an assignment duly executed by the registered owner hereof or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer, the Bond Registrar shall deliver in exchange for this Bond a new Bond or Bonds, registered in the name of the transferee, of authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

The Series 2024 Bonds maturing on or after January 1, 2035, are subject to redemption, at the option of the Authority, in whole or in part on any date on or after January 1, 2034, from any moneys that may be available for such purpose, at 100% of principal amount of the Series 2024 Bonds to be redeemed, plus accrued interest to the date fixed for redemption, all in the manner provided in the Trust Agreement.

At least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption of any Series 2024 Bonds to be redeemed, whether such redemption is in whole or in part, the Bond Registrar shall cause a notice of any such redemption signed by the Bond Registrar to be mailed, first class, postage prepaid, to all registered owners of Series 2024 Bonds to be redeemed in whole or in part, provided that failure to mail any such notice to any registered owner or any defect in such notice shall not affect the validity of the proceedings for such redemption as to the Series 2024 Bonds of any other registered owner to whom such notice is properly given.

On the date designated for redemption, notice having been given as aforesaid, the Series 2024 Bonds or portions thereof so called for redemption shall become due and payable at the redemption price provided for the redemption of such Series 2024 Bonds or such portions thereof on such date plus accrued interest to such date.

If less than all of the Series 2024 Bonds are to be called for redemption, the Series 2024 Bonds to be so redeemed shall be selected for redemption in the manner set forth in the Trust Agreement.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any

event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement.

Modifications or alterations of the Trust Agreement or in any supplement trust agreement thereto may be made only to the extent and in the circumstances permitted by the Trust Agreement.

This Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be, and shall be understood to be, an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of North Carolina. This Bond is issued with the intent that the laws of the State of North Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution and delivery of the Third Supplemental Trust Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the North Carolina Turnpike Authority, by an order duly adopted by its Board, has caused this Bond to be manually signed by the Chairman of the Authority and the Secretary-Treasurer of the Authority to impress its corporate seal hereon and to attest the same, all as of the 8<sup>th</sup> day of April 2024.

[SEAL]

**NORTH CAROLINA TURNPIKE AUTHORITY**

By: \_\_\_\_\_  
Name: Joseph R. Hopkins, P.E.  
Title: Chairman

By: \_\_\_\_\_  
Name: Robert D. Teer, Jr.  
Title: Secretary-Treasurer

## **CERTIFICATE OF LOCAL GOVERNMENT COMMISSION**

The issuance of the within bond has been approved under the provisions of The State and Local Government Revenue Bond Act.

By: \_\_\_\_\_  
Name: Jennifer Wimmer  
Title: Deputy Secretary, Local Government  
Commission

## **CERTIFICATE OF AUTHENTICATION**

This Bond is a Bond of the Series designated therein and issued under the provisions of the within mentioned Trust Agreement.

[SEAL]

**COMPUTERSHARE TRUST COMPANY, N.A.,**  
as Bond Registrar

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Date of authentication: April 8, 2024



**ASSIGNMENT**

**FOR VALUE RECEIVED** the undersigned hereby sells, assigns and transfers unto

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PLEASE INSERT SOCIAL SECURITY NUMBER  
OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

---

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PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE \_\_\_\_\_  
\_\_\_\_\_ the within bon and all right thereunder, and  
hereby irrevocably constitutes and appoints \_\_\_\_\_, attorney, to transfer the within  
bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: \_\_\_\_\_

In the presence of:

---

NOTICE: Signature must be guaranteed by an institution which is a participant in the Securities Transfer Agent Medallion Program (STAMP) or similar program.

---

The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

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## **APPENDIX B**

### **PROPOSED FORM OF OPINION OF BOND COUNSEL**

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April 8, 2024

Board of Directors  
North Carolina Turnpike Authority  
Raleigh, North Carolina

**\$182,810,000**  
**North Carolina Turnpike Authority**  
**Monroe Expressway System**  
**State Appropriation Revenue Refunding Bonds, Series 2024**

Ladies and Gentlemen:

We have served as bond counsel to the North Carolina Turnpike Authority (the "Authority") in connection with the issuance and sale of the Authority's \$182,810,000 Monroe Expressway System State Appropriation Revenue Refunding Bonds, Series 2024 (the "Series 2024 Bonds") dated the date of their delivery.

The Series 2024 Bonds are being issued for the purpose of providing funds, together with any other available funds, to (a) refund the outstanding principal amount of the Monroe Connector System State Appropriation Revenue Bonds, Series 2010A (Federally Taxable – Build America Bonds) (the "Refunded Bonds"), and (b) pay certain costs incurred in connection with the issuance of the Series 2024 Bonds and the refunding of the Refunded Bonds.

In connection with this opinion, we have examined (i) the Constitution of the State of North Carolina (the "Constitution"), (ii) the applicable laws of (A) the State of North Carolina (the "State"), including without limitation Article 6H of Chapter 136 of the General Statutes of North Carolina, as amended (the "Authority Act") and The State and Local Government Revenue Bond Act, Article 5 of Chapter 159 of the General Statutes of North Carolina, as amended (the "Revenue Bond Act", and together with the Authority Act, the "Acts") and (B) the United States of America, including without limitation the Internal Revenue Code of 1986, as amended (the "Tax Code"), (iii) a bond order of the Authority adopted on March 26, 2024, authorizing the issuance of the Series 2024 Bonds (the "Bond Order"), (iv) a Trust Agreement dated as of October 1, 2010 (the "Original Trust Agreement"), as previously supplemented and amended by a First Supplemental Trust Agreement dated as of November 1, 2011 (the "First Supplemental Trust Agreement") and a Second Supplemental Trust Agreement dated as of April 1, 2021 (the "Second Supplemental Trust Agreement"), and as further supplemented by a Third Supplemental Trust Agreement dated as of April 1, 2024 (the "Third Supplemental Trust Agreement" and together with the Original Trust Agreement, the First Supplemental Trust Agreement and the Second Supplemental Trust Agreement, the "Trust Agreement"), between the Authority and Computershare Trust Company, N.A., as successor to Wells Fargo Bank, N.A., as trustee (the "Trustee") and (v) copies of proceedings and other documents relating to the issuance and sale of the Series 2024 Bonds by the Authority as we have deemed necessary to render this opinion.

All capitalized terms not otherwise defined herein shall have the meanings set forth in the Trust Agreement.

As to questions of fact material to our opinion, we have relied upon (i) representations of the Authority, including, without limitation, representations as to the use of proceeds of the Series 2024 Bonds, (ii) certifications of public officials furnished to us, and (iii) certifications and representations contained in certificates of the Authority, the North Carolina Department of Transportation, the Local Government Commission of North Carolina and others delivered at closing, without undertaking to verify them by independent investigation. In addition, without undertaking to verify the same by independent investigation, we have relied on computations provided to us by PFM Financial Advisors, LLC, financial advisor to the Authority, relating to the yield on the Series 2024 Bonds.

We have assumed that all signatures on documents, certificates and instruments examined by us are genuine, all documents, certificates and instruments submitted to us as originals are authentic, and all documents, certificates and instruments submitted to us as copies conform to the originals. In addition, we have assumed that all documents, certificates and instruments relating to this transaction have been duly authorized, executed, and delivered by all parties to them other than the Authority, and we have further assumed the due organization, existence, and powers of all parties other than the Authority.

Based on the foregoing, in our opinion, under current law:

1. The Series 2024 Bonds have been authorized and issued in accordance with the Constitution and laws of the State, including the Acts and constitute valid and binding obligations of the Authority, payable as to principal, premium and interest from Revenues. The Series 2024 Bonds do not create or constitute a debt or pledge of the faith and credit of the State or any political subdivision thereof, including the Authority.

2. The Bond Order has been duly adopted. The Trust Agreement has been duly executed and delivered by the Authority and constitutes a valid and legally binding agreement of the Authority, enforceable against the Authority in accordance with its terms. The Trust Agreement assigns and pledges the Revenues to the Trustee.

3. Interest on the Series 2024 Bonds (i) is excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code and (ii) is not a specific item of tax preference for purposes of the federal alternative minimum income tax on individuals. However, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Tax Code) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Tax Code. We express no opinion regarding other federal tax consequences arising with respect to the Series 2024 Bonds.

In delivering this opinion, we are (i) relying upon and assuming the accuracy of certifications and representations of representatives of the Authority as to facts material to the opinion, and (ii) assuming continuing compliance with the Covenants, as hereinafter defined, by the Authority, so that interest on the Series 2024 Bonds will remain excludable from gross income for federal income tax purposes under Section 103 of the Tax Code. The Tax Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied after the issuance of the Series 2024 Bonds in order for interest on the Series 2024 Bonds to be and remain excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code. These requirements include, by way of example and not limitation, restrictions on the use, expenditure and investment of the proceeds of the Series 2024 Bonds and the use of the property financed or refinanced by the Series 2024 Bonds, limitations on the source of the payment of and the security for the Series 2024 Bonds, and the obligation to rebate certain excess earnings on the gross proceeds of the Series 2024 Bonds to the United States Treasury. The tax certificate and related documents for the Series 2024 Bonds (the "Tax Certificate") delivered at closing by the Authority contain covenants (the "Covenants") with which it has agreed to comply. Failure to comply with the Covenants could cause interest on the Series 2024 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. In the event of noncompliance with the Covenants, the available enforcement remedies may be limited by applicable provisions of law and, therefore, may not be adequate to prevent interest on the Series 2024 Bonds from becoming includable in gross income for federal income tax purposes.

We have no responsibility to monitor compliance with the Covenants after the date the Series 2024 Bonds are issued.

Certain requirements and procedures contained, incorporated or referred to in the Tax Certificate, including the Covenants, may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such document. We express no opinion concerning any effect on the excludability of interest on the Series 2024 Bonds from gross income for federal income tax purposes under Section 103 of the Tax Code of any such subsequent change or action that may be made, taken or omitted upon the advice or approval of counsel other than this firm.

4. Under existing law, interest on the Series 2024 Bonds is exempt from all present State of North Carolina income taxes. We express no opinion regarding other tax consequences arising with respect to the Series 2024 Bonds under (i) the laws of the State or (ii) the laws of any state or local jurisdiction other than the State.

The rights of the holders of the Series 2024 Bonds and the enforceability of such rights, including enforcement by the Trustee of the obligations of the Authority under the Trust Agreement, may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, moratorium and other laws affecting the rights of creditors generally and (b) principles of equity, which considered at law or in equity.



Our services as bond counsel to the Authority have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary to opine on the validity of the Series 2024 Bonds and the income tax status of the interest on them. We express no opinion as to the accuracy, completeness or sufficiency of any offering material or information that may have been relied upon by any owner of the Series 2024 Bonds in making a decision to purchase the Series 2024 Bonds. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Very truly yours,

186901096.2

## **APPENDIX C**

### **DTC'S BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Series 2024 Bonds. The Series 2024 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2024 Bond for each maturity in the aggregate principal amount of such maturity will be deposited with DTC, or with the Trustee on DTC's behalf.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the Series 2024 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2024 Bonds on DTC's records. The ownership interest of each actual purchaser of the Series 2024 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2024 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2024 Bonds, except in the event that use of the book-entry system for the Series 2024 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2024 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2024 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2024 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts the Series 2024 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners of the Series 2024 Bonds will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Series 2024 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2024 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2024 Bonds may wish to ascertain that the nominee holding the Series 2024 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2024 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2024 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2024 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2024 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on each payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Authority, or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority and the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursements of such payments to the Beneficial Owners shall be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2024 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2024 Bonds are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2024 Bonds are required to be printed and delivered to DTC.

The information in this Official Statement concerning DTC and DTC's book-entry system has been obtained from DTC, and the Authority takes no responsibility for the accuracy thereof.



