

North Carolina Turnpike Authority

Finance Committee Meeting

August 15, 2024



Finance Committee



Robert D. Teer Jr.
Finance Committee Chairman



John Adcock
Finance Committee Member



James 'Jim' Walker
Finance Committee Member

Other Board Members



Joey Hopkins
Chairman of the Board



Dr. Pamela Gibson Senegal
Board Member



Sam Hunt IV
Board Member



Montell W. Irvin
Board Member



Charles 'Chuck' Travis III
Board Member

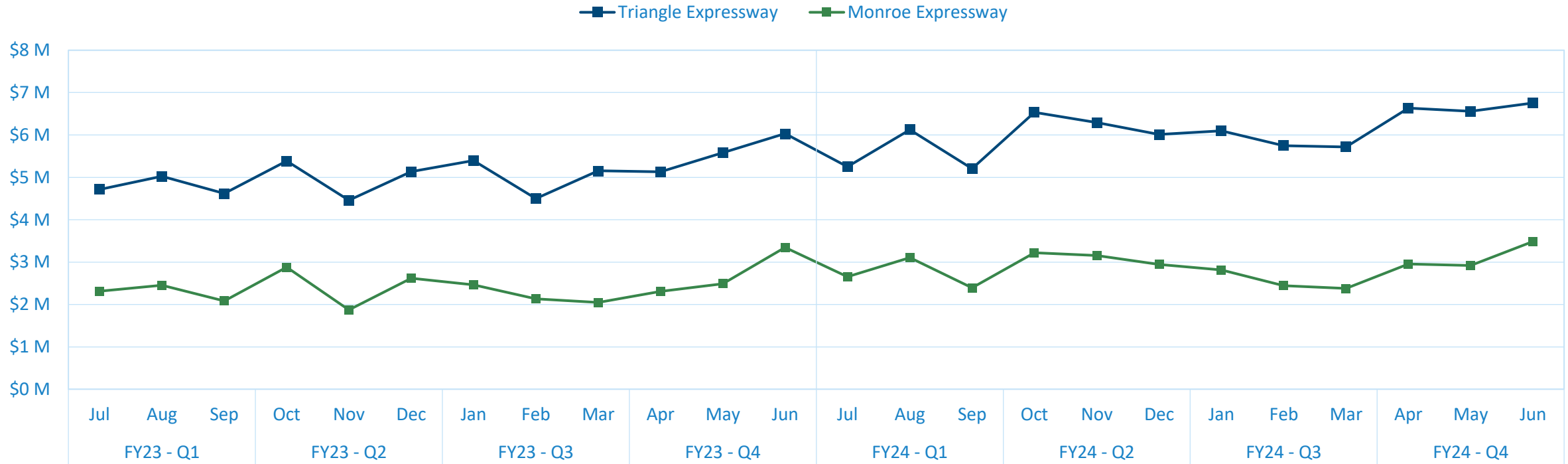
Opening Comments

J.J. Eden
Executive Director

Finance & Budget Update

Cheryl Reed
Chief Financial Officer

Revenue Statistics



	FY23 – Q1	FY23 – Q2	FY23 – Q3	FY23 – Q4	FY24 – Q1	FY24 – Q2	FY24 – Q3	FY24 – Q4
Triangle Expressway Actual Revenue ¹	\$14,360,621	\$14,981,905	\$15,049,408	\$16,742,367	\$16,584,826	\$18,846,688	\$17,564,748	\$19,947,606
YOY Percent Change	12.3%	7.7%	12.3%	20.1%	15.5%	25.8%	16.7%	19.1%
	FY23 – Q1	FY23 – Q2	FY23 – Q3	FY23 – Q4	FY24 – Q1	FY24 – Q2	FY24 – Q3	FY24 – Q4
Monroe Expressway Actual Revenue ¹	\$6,853,322	\$7,377,116	\$6,646,820	\$8,147,531	\$8,152,506	\$9,325,970	\$7,643,907	\$9,368,037
YOY Percent Change	0.7%	4.6%	3.6%	20.8%	19.0%	26.4%	15.0%	15.0%

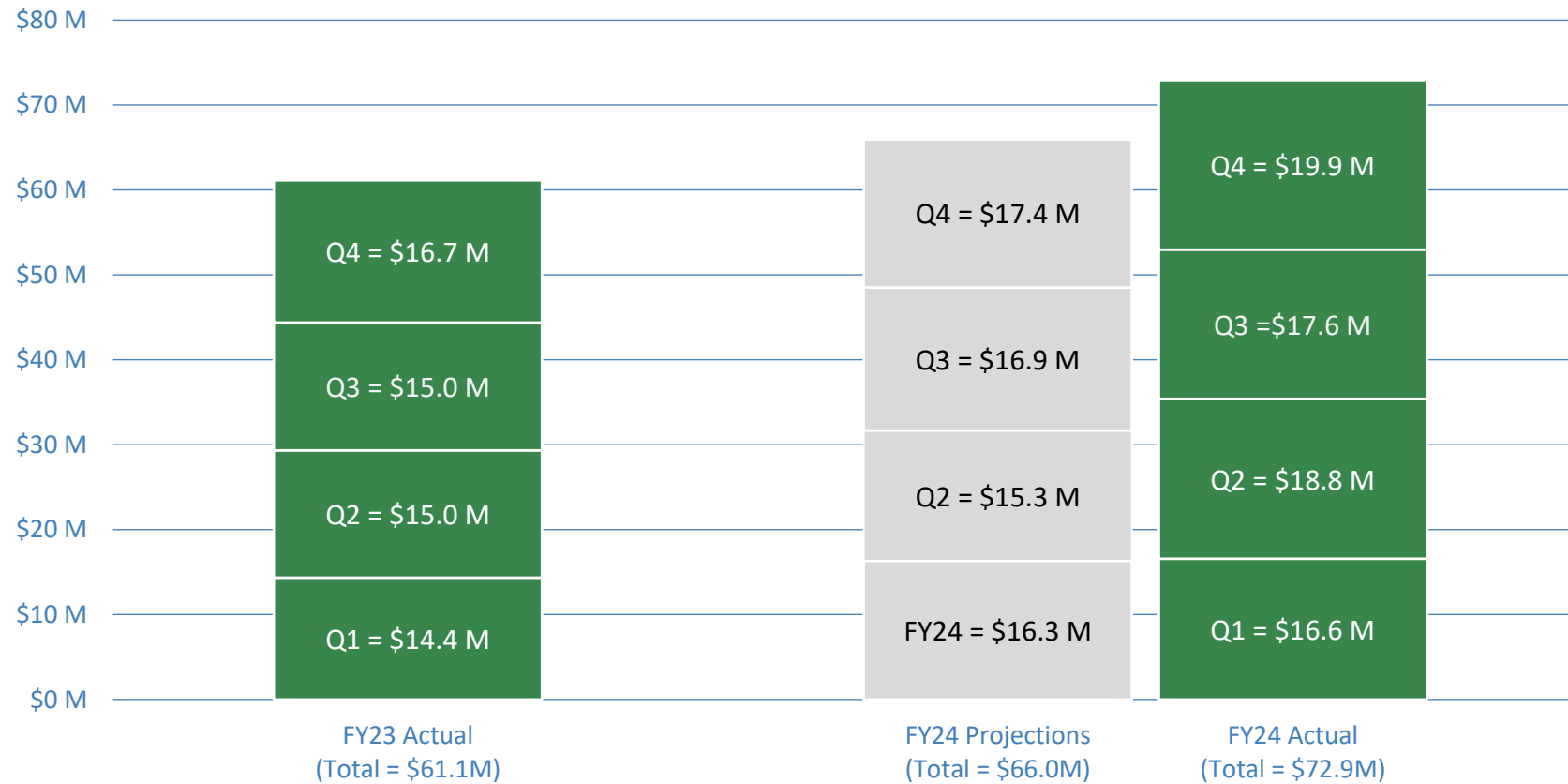
¹Actual revenue is reported on a cash basis – UNAUDITED – non-GAAP

Revenue Statistics

Triangle Expressway

FY24 revenues up **19.3%** ↑
year-over-year

FY24 revenues up **10.6%** ↑
compared to projections



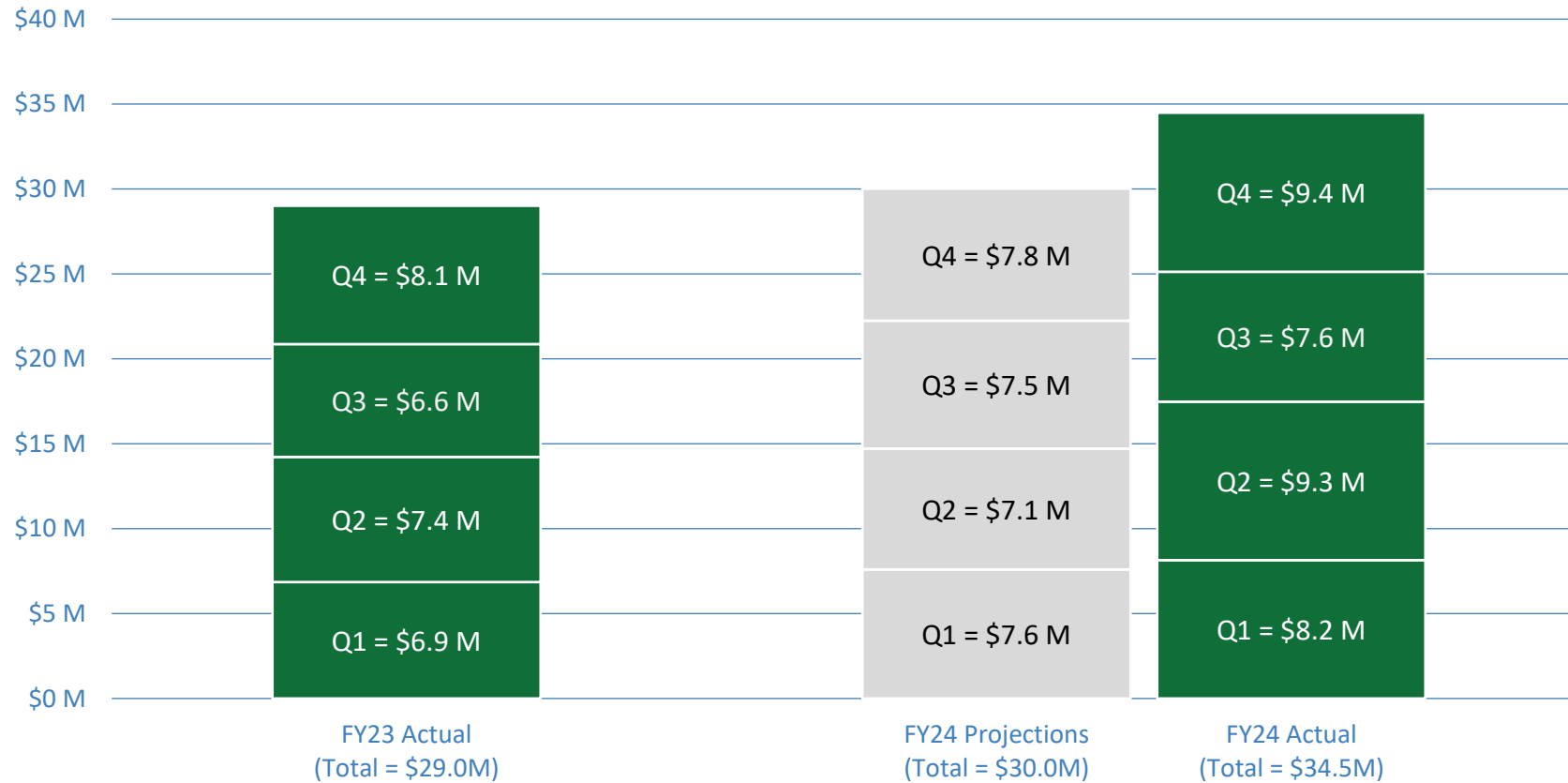
- Revenue figures are inclusive of all toll revenue and fees
- Actual revenues reported on a cash basis – UNAUDITED – non-GAAP

Revenue Statistics

Monroe Expressway

FY24 revenues up **18.8%** ↑
year-over-year

FY24 revenues up **14.9%** ↑
compared to projections

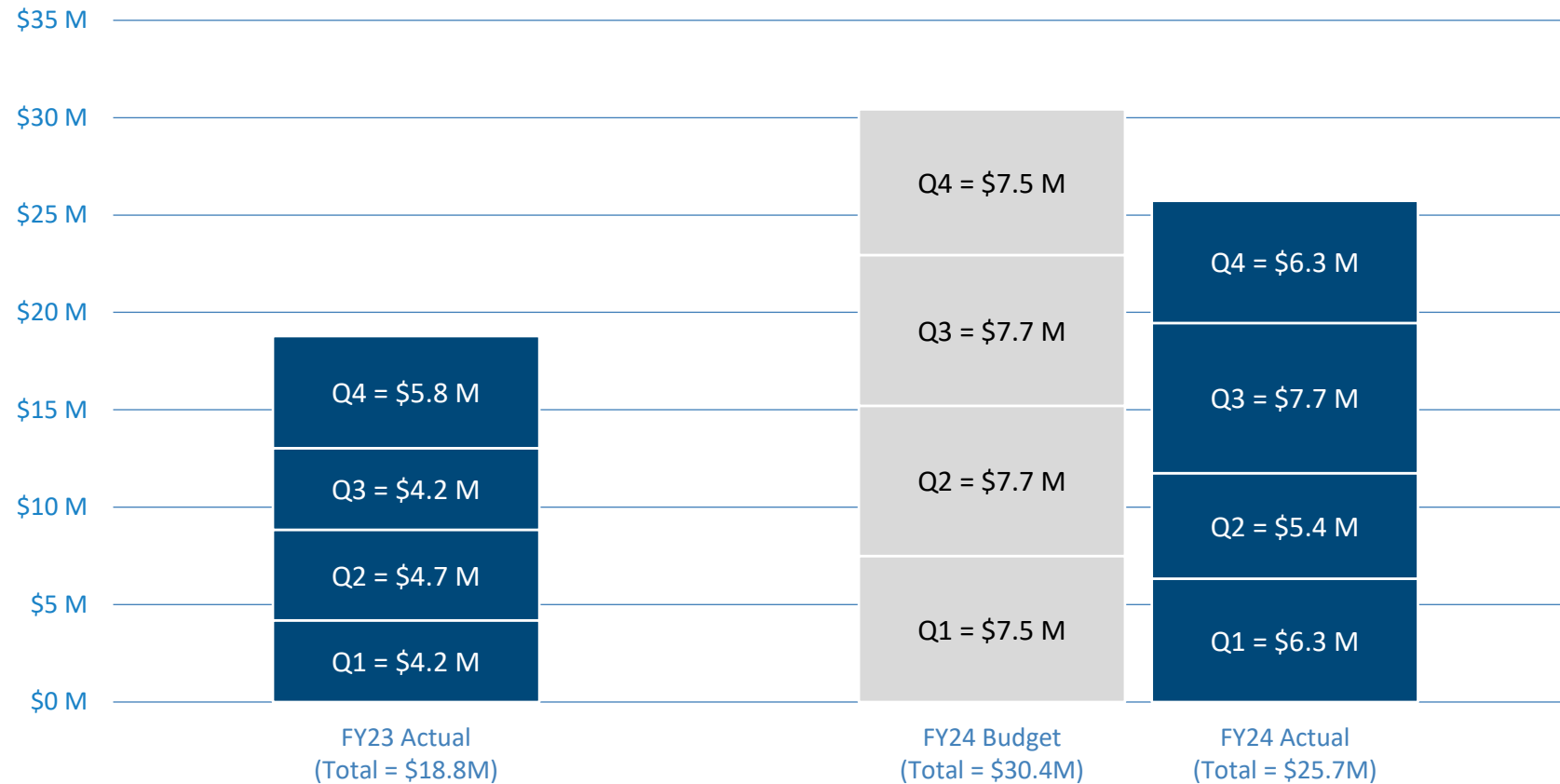


- Revenue figures are inclusive of all toll revenue and fees
- Actual revenues reported on a cash basis – UNAUDITED – non-GAAP

Operating Expenses

Triangle Expressway

FY24 Expenses **15.4%** lower than projected budget ↓

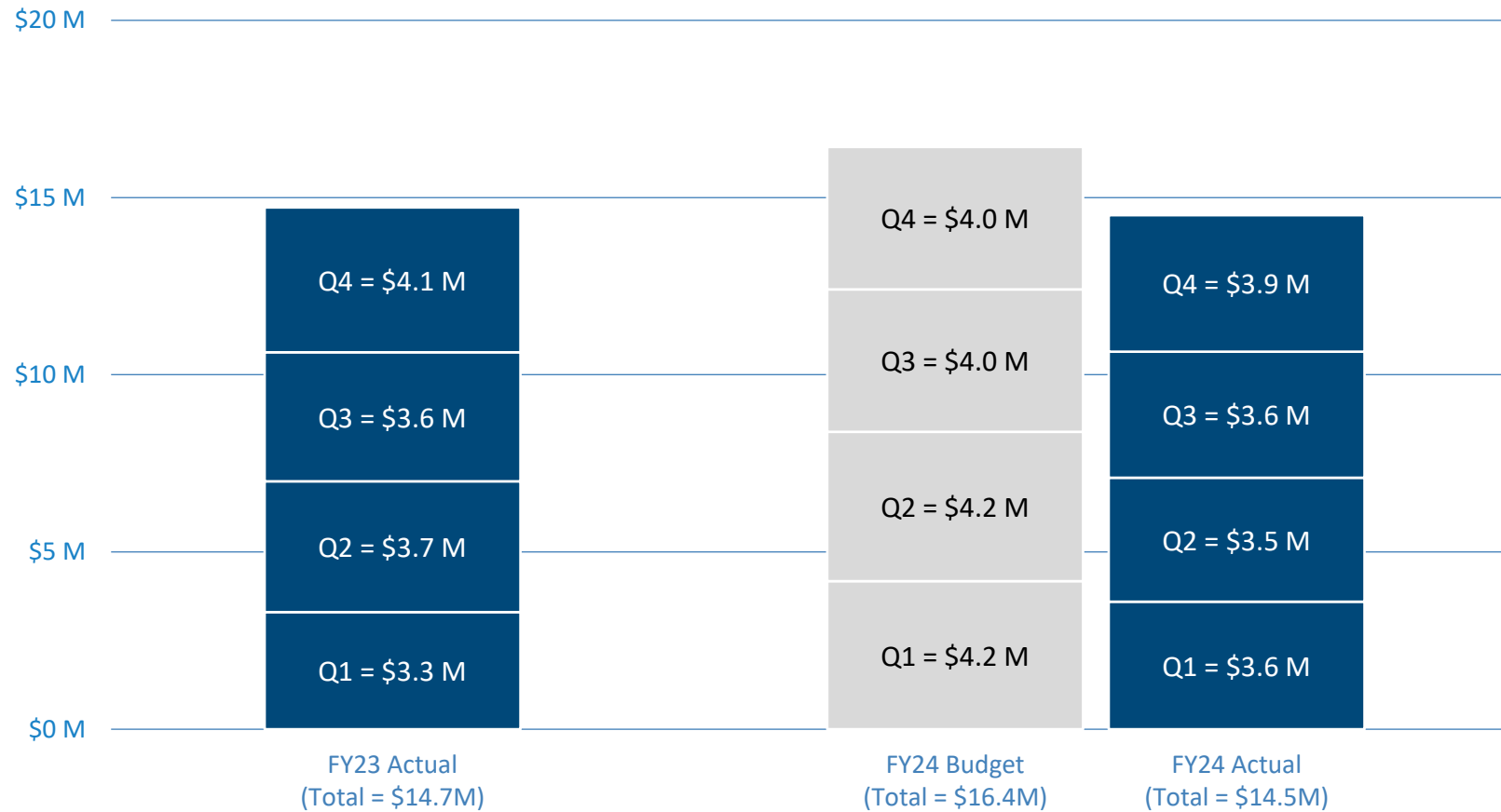


• Actual operating Expenses reported on a cash basis – UNAUDITED – non-GAAP

Operating Expenses

Monroe Expressway

FY24 Expenses **11.7%** lower than projected budget ↓



• Actual operating Expenses reported on a cash basis – UNAUDITED – non-GAAP

Cash Generated from Operations

As of June 30, 2024

FY24 - Projections				
Project	Toll & Fee Revenues	Appropriation + Expected Subsidy	Interest Earnings	Total Projected Revenue
Triangle Expressway	65,962,000	25,000,000	-	90,962,000
Monroe Expressway	30,023,000	24,000,000	-	54,023,000
Total	95,985,000	49,000,000	-	144,985,000

Operating Revenues (cash basis non-GAAP unaudited)				
Project	Toll & Fee Revenues	Appropriations	Interest Earnings*	Total Operating Revenue
Triangle Expressway	72,943,867	25,000,000	6,371,053	104,314,920
Monroe Expressway	34,490,420	24,000,000	5,903,023	64,393,443
Total	107,434,287	49,000,000	12,274,076	168,708,363

Delta
13,352,920 ↑
10,370,443 ↑
23,723,363 ↑

*Excludes project account interest earned, interest earned on debt in escrow and capitalized interest

Cash Remaining after Debt Service

As of June 30, 2024

FY24 - Projections				
Project	Operating Revenues	Toll Revenue Debt Service*	Appropriation Debt Service	Total Projected Less Debt Service
Triangle Expressway	90,962,000	44,021,197	23,157,523	23,783,280
Monroe Expressway	54,023,000	12,078,411	25,485,827	16,458,762
Total	144,985,000	56,099,608	48,643,350	40,242,041

Debt Service (cash basis non-GAAP unaudited)					Delta
Project	Operating Revenues	Toll Revenue Debt Service*	Appropriation Debt Service	Total Revenues Less Debt Service	
Triangle Expressway	104,314,920	44,021,197	23,157,523	37,136,200	13,352,920 ↑
Monroe Expressway	64,393,443	12,078,411	25,485,827	26,829,205	10,370,443 ↑
Total	168,708,363	56,099,608	48,643,350	63,965,404	23,723,363 ↑

*Debt paid with capitalized interest is not included and accreted value is not shown, debt service payments are made on Jan. 1st and July 1st each year.

Cash Remaining after Debt Service and Operating Expenses

As of June 30, 2024

FY24 - Projections				
Project	O&M Budget	R&R Budget	Total Operating Expenses	Total Projected Less DS and Ops
Triangle Expressway	30,426,860	6,350,977	36,777,837	(12,994,557)
Monroe Expressway	16,425,428	826,733	17,252,161	(793,399)
Total	46,852,288	7,177,710	54,029,998	(13,787,956)

Operating Expenses & Cash Change from Operations (cash basis non-GAAP unaudited)					Delta
Project	O&M	R&R	Total Operating Expenses	Total Cash Change from Operations	
Triangle Expressway	25,730,296	2,477,745	28,208,041	8,928,158	21,922,715
Monroe Expressway	14,498,076	37,078	14,535,154	12,294,051	13,087,450
Total	40,228,372	2,514,823	42,743,195	21,222,209	35,010,165



Senior & Co-Manager Underwriter Pool Selection

David Roy
Director of Innovative Finance

Request for Qualifications

Underwriter Pool Selection

- Selection for an underwriting pool for both Senior and Co-managers
 - Allows Authority and Board to act quickly on potential refunding opportunities and simplifies selection process
- Consistent with selection process that was followed in 2018
- Bench will remain active for five years
- Does not preclude the Authority from using non-selected firms if deemed appropriate

Timeline

Item	Date
RFP Circulated	June 18
Expression of Interest and Written Questions Due	July 2
Provide Responses to Questions	July 9
Submit Statement of Qualifications	July 16
Selection of Firms by Authority Board	Aug. 15

Evaluation Criteria

Underwriter Pool Selection

- Firms were evaluated on five distinct criteria
 1. Experience of the firm's primary personnel
 2. Experience with similar transactions
 3. BANs Plan of Finance discussion
 4. Marketing/capital analysis
 5. Pricing (gross spreads, takedowns)
- Selection committee members
 - Cheryl Reed, NCTA Chief Financial Officer
 - David Roy, NCTA Director of Innovative Finance
 - Shivani Jani, NCDOT Director of Finance

Recommendation

Underwriter Pool Selection

- The Authority received 19 submissions
 - Five firms requesting consideration for senior only
 - Eight firms requesting for co-manager only
 - Six firms requesting consideration for both (most firms had preference for senior)
- Recommended shortlisted firms:

Senior	Co-Manager	
BofA Securities, Inc.	Academy Securities	Samuel A. Ramirez & Co., Inc.
JP Morgan	Barclays Capital	Truist
Siebert Williams Shank & Co., LLC	Loop Capital Markets	
Wells Fargo	Raymond James	

Potential Future Transactions

Underwriter Pool Selection

Potential future transactions that the Authority is aware of include:

- Complete 540 Phase 2 BANs (estimated 2025)
- Monroe Series 2016: Callable 7-1-2026
- Triangle Series 2017: Callable 1-1-2027
- Triangle Series 2018: Callable 1-1-2029
- Triangle Series 2019: Callable 1-1-2030

Action Item

Robert Teer
Finance Committee Chair

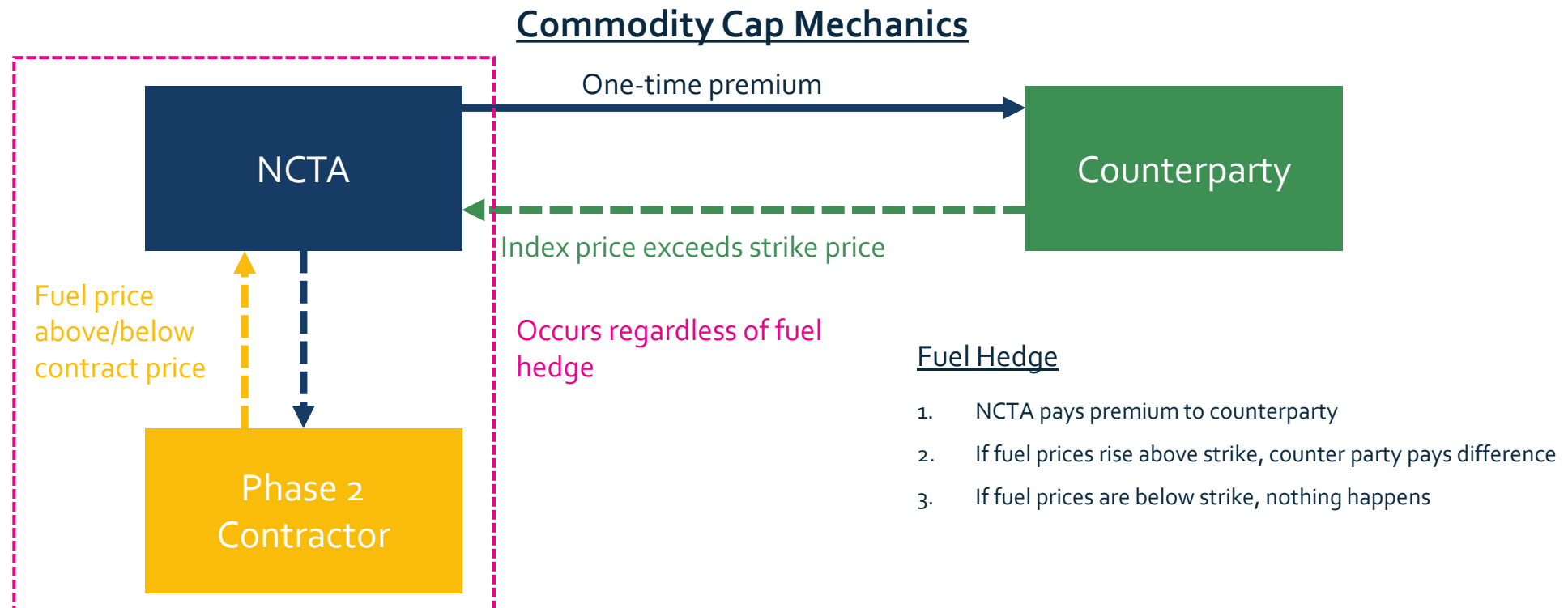
Fuel & AC Binder Hedge

Jacob Vlanich
Financial Analyst

What is a Fuel/AC Binder Hedge?

Commodity Hedge

- Similar to the fuel hedge purchased for Complete 540 Phase 1, NCTA is looking to pursue a Fuel Price Cap and an AC Binder Price Cap
- Effectively acts as an insurance policy against price increases at the cost of an upfront premium



Why consider a Commodity hedge/cap?

Commodity Hedge

Pros

- Protects NCTA against fuel and AC binder price increases inherent in design-build contracts
- Limits NCTA exposure, allowing for more effective budgeting
- Previous success on Complete 540 Phase 1 Project

Cons

- If fuel and AC binder prices decrease, the policy is effectively worthless, and premium is a sunk cost
- Estimates for premiums are more expensive than when purchased on Complete 540 Phase 1

Fuel Cap Procurement Process

Commodity Hedge

- Prepare bid specifications and distribute to interested Cap Providers
- The bid specifications will establish the parameters for the Caps including:
 - NCTA's monthly fuel/AC binder usage projection taking into account seasonal fluctuations
 - Cap strike price, and the Cap maturity (A higher strike price and/or a shorter hedging period will lower the cost of hedging)
- Negotiate ISDA Agreements with the interested bidders
- Adhere to Dodd-Frank Protocols (CFTC regulations) with each potential bidder
- Obtain draft legal opinion from NCTA's counsel for bidders' review
- Furnish NCTA Authorizing Resolution for Cap purchase to bidders for review
- Take live bids on pricing date from the qualified providers

Cap Parameters

Commodity Hedge

- Due to the time-intensive process of getting the hedge in place along with the need to quickly act on bids, NCTA is seeking approval of the fuel cap and AC binder cap within the following parameters:

Fuel Cap

- Index: NYMEX NY Harbor ULSD/Heating Oil
- Maximum Premium Price: \$1.95M (Reserve)
- Counterparty: Major commodity derivative trader

AC Binder Cap

- Index: Crude Oil
- Maximum Premium Price: \$5.05M (Reserve)
- Counterparty: Major commodity derivative trader

Action Item

Robert Teer
Finance Committee Chair

Complete 540 Spend Update

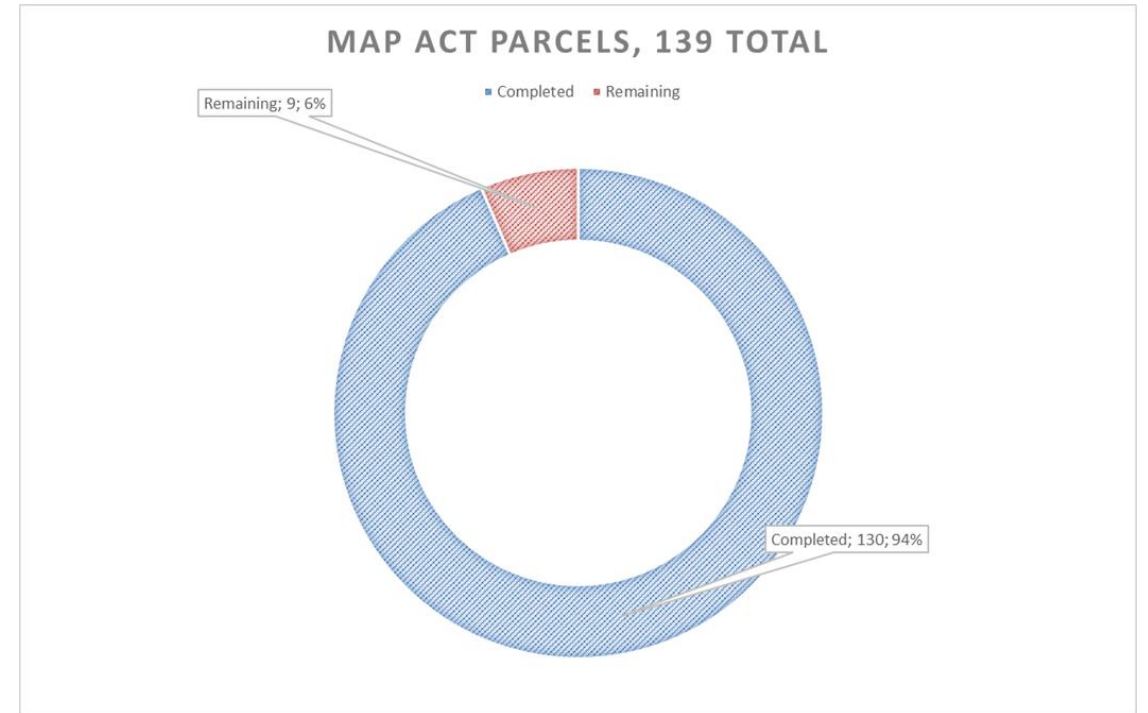
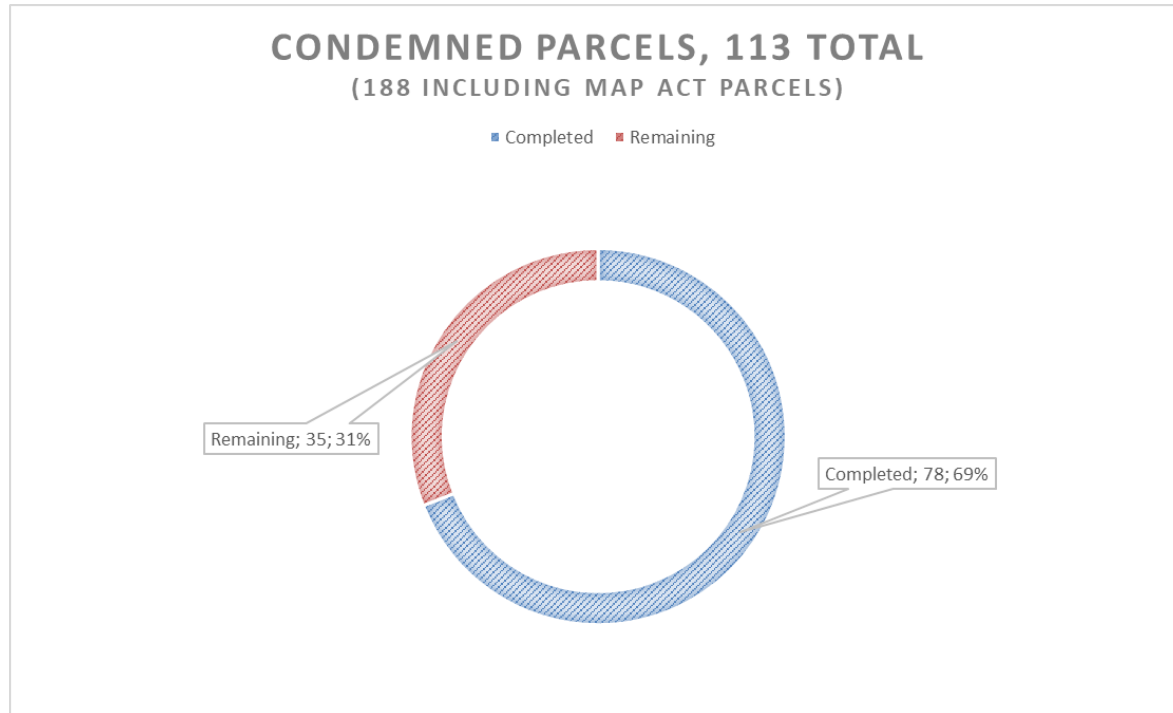
Travis Feltes, P.E.
Project Engineer

Plan of Finance Cost Tracking (Phase 1)

	DESCRIPTION	Cost Estimate (\$M)	Spent as of June 30, 2024	% of Budget Spent
R-2721A	Construction	\$ 229.53	\$ 224.62	98%
	Landscaping	\$ 2.67	\$ -	0%
	Right of Way	\$ 85.41	\$ 80.59	94%
	Utilities	\$ 15.00	\$ 14.60	97%
	Agency Costs:	\$ 24.51	\$ 23.35	95%
	PROJECT SUB-TOTAL	\$ 357.12	\$ 343.16	96%
R-2721B	Construction	\$ 207.86	\$ 205.82	99%
	Landscaping	\$ 2.32	\$ -	0%
	Right of Way	\$ 81.67	\$ 90.84	111%
	Utilities	\$ 13.00	\$ 12.54	96%
	Agency Costs:	\$ 23.23	\$ 25.86	111%
	PROJECT SUB-TOTAL	\$ 328.08	\$ 335.06	102%
R-2828	Construction	\$ 424.40	\$ 398.93	94%
	Toll Integration	\$ 21.24	\$ 7.44	35%
	Landscaping	\$ 5.84	\$ -	0%
	Right of Way	\$ 48.99	\$ 75.37	154%
	Utilities	\$ 33.15	\$ 32.65	98%
	Agency Costs:	\$ 87.10	\$ 77.90	89%
PROJECT SUB-TOTAL	\$ 620.72	\$ 592.29	95%	
TOTAL	Construction	\$ 861.79	\$ 829.37	96%
	Toll Integration	\$ 21.24	\$ 7.44	35%
	Landscaping	\$ 10.83	\$ -	0%
	Right of Way	\$ 216.07	\$ 246.80	114%
	Utilities	\$ 61.15	\$ 59.78	98%
	Agency Costs:	\$ 134.84	\$ 127.11	94%
	PROJECT COST FOR FINANCING	\$ 1,305.92	\$ 1,270.50	97%

Right of Way Update

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



Contingencies

Contingency Item	Current Plan of Finance Budget	Previous Report (04/17/2024 Data)
Third Party Delay Contingency	\$0	\$0
Contingency & Reserves	\$0	\$0
Fuel & AC Reserves	\$2,940,000	\$2,940,000
Total	\$2,940,000	\$2,940,000

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

Fuel Cost / Hedge

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

	Fuel Cost Adjustment				Fuel Hedge Payout
	R-2721A	R-2721B	R-2828	Total	Total
Prior FY's	\$ (265,957.04)	\$ (334,061.14)	\$ (101,406.78)	\$ (701,424.96)	\$ 1,312,450.47
FY 2023	\$ (475,314.35)	\$ (752,026.47)	\$ (675,809.58)	\$ (1,903,150.40)	\$ 938,627.24
July-23	\$ (14,312.08)	\$ (64,027.29)	\$ (17,504.94)	\$ (95,844.30)	
August-23	\$ (87,116.90)	\$ (52,983.39)	\$ (31,493.88)	\$ (171,594.17)	
September-23	\$ (65,850.97)	\$ (156,924.77)	\$ (66,750.29)	\$ (289,526.03)	
October-23	\$ (228,996.95)	\$ (49,726.92)	\$ (85,713.15)	\$ (364,437.02)	
November-23	\$ (127,352.32)	\$ (141,957.07)	\$ (49,211.54)	\$ (318,520.92)	
December-23	\$ (27,200.01)	\$ (61,924.03)	\$ (21,331.69)	\$ (110,455.73)	
January-24	\$ (55,800.91)	\$ (3,784.83)	\$ (14,987.41)	\$ (74,573.15)	
February-24	\$ (45,774.93)	\$ (35,437.97)	\$ (23,339.79)	\$ (104,552.70)	
March-24	\$ (91,275.42)	\$ (87,794.89)	\$ (19,764.89)	\$ (198,835.21)	
April-24	\$ (62,236.00)	\$ (64,601.04)	\$ (12,524.21)	\$ (139,361.26)	
May-24	\$ (63,699.28)	\$ (33,870.75)	\$ (19,811.32)	\$ (117,381.36)	
June-24	\$ (77,248.05)	\$ (4,964.96)	\$ (9,555.48)	\$ (91,768.49)	
	\$ (1,688,135.22)	\$ (1,844,085.53)	\$ (1,149,204.95)	\$ (4,681,425.70)	\$ 2,251,077.71

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

Paid out to the contractor	\$ (5,099,230.76)
Received from the contractor	\$ 417,805.06
Received from the hedge	\$ 2,251,077.71
Net Total	\$ (2,430,347.99)

Asphalt Cost Adjustment

	R-2721A	R-2721B	R-2828	Total
Prior FY's	\$ (54,577.00)	\$ (8,762.49)	\$ 20,507.86	\$ (42,831.63)
FY 2023	\$ (67,514.97)	\$ (447,998.37)	\$ (164,893.64)	\$ (680,406.98)
July-23	\$ -	\$ (74,122.06)	\$ (26,177.69)	\$ (100,299.75)
August-23	\$ (67,560.15)	\$ (31,215.22)	\$ (853.26)	\$ (99,628.63)
September-23	\$ (22,551.11)	\$ (91,925.50)	\$ (10,518.40)	\$ (124,995.01)
October-23	\$ (145,540.67)	\$ (12,542.68)	\$ -	\$ (158,083.36)
November-23	\$ (102,422.12)	\$ (92,503.50)	\$ -	\$ (194,925.62)
December-23	\$ (7,863.31)	\$ (51,608.41)	\$ (1,092.90)	\$ (60,564.62)
January-24	\$ (57,661.24)	\$ (2,660.42)	\$ (1,891.56)	\$ (62,213.22)
February-24	\$ (9,661.16)	\$ (44,336.25)	\$ (4,952.62)	\$ (58,950.02)
March-24	\$ (57,286.77)	\$ (124,166.60)	\$ (4,110.48)	\$ (185,563.85)
April-24	\$ (39,899.51)	\$ (90,490.11)	\$ (1,174.93)	\$ (131,564.56)
May-24	\$ (77,431.91)	\$ (59,513.47)	\$ (12,309.57)	\$ (149,254.95)
June-24	\$ (164,398.07)	\$ (6,339.72)	\$ (12,755.75)	\$ (183,493.54)
	\$ (874,367.98)	\$ (1,138,184.82)	\$ (220,222.94)	\$ (2,232,775.75)

Plan of Finance Cost Tracking (Phase 2)

	DESCRIPTION	Cost Estimate (\$M)	Spent as of June 30, 2024	% of Budget Spent
R-2829A	Construction	\$ 266.80	\$ 8.62	3%
	Toll Integration	\$ 13.05	\$ -	0%
	Landscaping	\$ 4.05	\$ -	0%
	Right of Way	\$ 75.26	\$ 32.42	43%
	Utilities	\$ 9.24	\$ 1.73	19%
	Agency Costs:	\$ 107.63	\$ 0.88	1%
	PROJECT SUB-TOTAL	\$ 476.03	\$ 43.64	9%
R-2829B	Construction	\$ 417.92	\$ 10.79	3%
	Toll Integration	\$ 12.69	\$ -	0%
	Landscaping	\$ 6.34	\$ -	0%
	Right of Way	\$ 76.88	\$ 12.21	16%
	Utilities	\$ 5.95	\$ -	0%
	Agency Costs:	\$ 109.22	\$ 1.29	1%
	PROJECT SUB-TOTAL	\$ 628.99	\$ 24.29	4%
TOTAL	Construction	\$ 684.72	\$ 19.41	3%
	Toll Integration	\$ 25.74	\$ -	0%
	Landscaping	\$ 10.39	\$ -	0%
	Right of Way	\$ 152.14	\$ 44.63	29%
	Utilities	\$ 15.19	\$ 1.73	11%
	Agency Costs:	\$ 216.85	\$ 2.17	1%
	PROJECT COST FOR FINANCING	\$ 1,105.02	\$ 67.93	6%

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Thank you!