

This Official Statement has been prepared by the North Carolina Turnpike Authority to provide information on the Series 2019 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 2019 Bonds, a prospective investor should read this Official Statement in its entirety.

\$115,979,250

NORTH CAROLINA TURNPIKE AUTHORITY
Triangle Expressway System Appropriation
Revenue Bonds, Series 2019
(Capital Appreciation Bonds)



Dated: Date of Delivery

Due: as shown on inside front cover

Tax Treatment:

In the opinion of Bond Counsel, under current law and subject to conditions described in the Section herein “TAX TREATMENT,” interest on the Series 2019 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference, and (c) is exempt from all income taxes in the State of North Carolina. A holder may be subject to other federal tax consequences as described in the Section “TAX TREATMENT” herein.

Redemption:

The Series 2019 Bonds are subject to optional redemption at the times and at the Redemption Prices described herein. See “THE SERIES 2019 BONDS—Redemption Provisions.”

Purpose:

The proceeds of the Series 2019 Bonds will be used to (a) pay certain costs of an extension of the existing Triangle Expressway System (as hereinafter defined) from its existing eastern termination point to intersect with I-40 known as Complete 540 – Phase 1, and (b) pay certain costs incurred in connection with the issuance of the Series 2019 Bonds. See “PLAN OF FINANCE.”

Security:

The Series 2019 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 in parity with the Series 2019 Bonds. “Revenues” primarily consist of an annual appropriation of \$25,000,000 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 2019 Bonds, and no Owner of the Series 2019 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 2019 Bonds.* See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS.” ACCELERATION IS NOT A REMEDY AVAILABLE TO OWNERS OF THE SERIES 2019 BONDS UPON DEFAULT. THE AUTHORITY HAS NO TAXING POWER.

Interest Payment Dates:

Interest on the Series 2019 Bonds will not be paid currently, but will accrete and be paid upon the maturity thereof.

Closing/Settlement:

On or about December 17, 2019

Bond Counsel:

Hunton Andrews Kurth LLP, Charlotte, North Carolina

Underwriters’ Counsel:

McGuireWoods LLP, Raleigh, North Carolina

Trustee and Paying Agent:

Wells Fargo Bank, N.A., Philadelphia, Pennsylvania

Financial Advisor:

PFM Financial Advisors, LLC, Orlando, Florida

The Series 2019 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.

J.P. Morgan

BofA Securities
Siebert Williams Shank & Co., LLC

Citigroup

Loop Capital Markets
Wells Fargo Securities

North Carolina Turnpike Authority

\$115,979,250

Triangle Expressway System Appropriation Revenue Bonds, Series 2019 (Capital Appreciation Bonds)

Maturity Schedule

<u>Due January 1</u>	<u>Initial Principal Amount</u>	<u>Maturity Amount</u>	<u>Initial Price Per \$5,000 Payable at Maturity</u>	<u>Yield to Maturity</u>	<u>CUSIP*</u>
2040	\$13,684,250	\$25,000,000	\$2,736.85	3.03%	65830VAH3
2041	13,142,000	25,000,000	2,628.40	3.08	65830VAJ9
2042	12,636,250	25,000,000	2,527.25	3.12	65830VAK6
2043	12,167,750	25,000,000	2,433.55	3.15	65830VAL4
2044	11,737,750	25,000,000	2,347.55	3.17	65830VAM2
2045	11,290,500	25,000,000	2,258.10	3.20	65830VAN0
2046	10,909,750	25,000,000	2,181.95	3.21	65830VAP5
2047	10,511,750	25,000,000	2,102.35	3.23	65830VAQ3
2048	10,124,250	25,000,000	2,024.85	3.25	65830VAR1
2049	9,775,000	25,000,000	1,955.00	3.26	65830VAS9

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NORTH CAROLINA TURNPIKE AUTHORITY

STATE OFFICIALS

Roy Cooper	Governor
MG(R) James H. Trogdon, III, P.E.	Secretary of NCDOT
Bobby Lewis, P.E.	Chief Operating Officer of NCDOT
Evan Rodewald	Chief Financial Officer of NCDOT
Tim Little, P.E.	Chief Engineer of NCDOT

AUTHORITY MEMBERS¹

MG(R) James H. Trogdon, III, P.E.	Chairman
Perry R. Safran	Vice Chairman
Robert D. Teer, Jr.	Secretary/Treasurer
Scott Aman	Member
Jim Crawford	Member
Montell W. Irvin, P.E.	Member
Charles L. Travis, III	Member
James Walker	Member

MANAGEMENT STAFF

James J. "J.J." Eden	Executive Director
Marvin T. Butler	Chief of Staff
David Roy	Director of Finance and Budget
Andy Lelewski, P.E.	Director of Program Development
Manish Chourey	Chief Technology Officer
Rodger Rochelle, P.E.	Chief Engineer
Dennis Jernigan, P.E.	Director of Highway Operations

MUNICIPAL ADVISOR

PFM Financial Advisors, LLC, Orlando, Florida

BOND COUNSEL

Hunton Andrews Kurth LLP, Charlotte, North Carolina

¹ There is currently one vacancy on the Board of Directors of the Authority.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SERIES 2019 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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 2019 Bonds offered hereby, nor shall there be any offer or solicitation of such offer or sale of the Series 2019 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 2019 Bonds implies that the information herein is correct as of any date subsequent to the date hereof.

Neither the Series 2019 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 2019 Bonds and the Trust Agreement in accordance with applicable provisions of securities laws of the states, if any, in which the Series 2019 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 2019 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 2019 Bonds and makes no representation, and has reached no conclusions, regarding the investment quality of the Series 2019 Bonds, about all of which the Trustee expresses no opinion and expressly disclaims the expertise to evaluate.

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State of North Carolina
Department of State Treasurer

DALE R. FOLWELL, CPA
Treasurer

*State and Local Government Finance Division
and the Local Government Commission*

GREG C. GASKINS
Deputy Treasurer

Official Statement
of the North Carolina Local Government Commission

Concerning

NORTH CAROLINA TURNPIKE AUTHORITY

\$115,979,250
Triangle Expressway System
Appropriation Revenue Bonds, Series 2019
(Capital Appreciation Bonds)

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 \$115,979,250 Triangle Expressway System Appropriation Revenue Bonds, Series 2019 (Capital Appreciation Bonds) (the “Series 2019 Bonds”). The Series 2019 Bonds are issued pursuant to applicable provisions of law, a bond order adopted by the Authority on October 31, 2019 (the “Bond Order”), and a Trust Agreement dated as of July 1, 2009 (the “Original Trust Agreement”), between the Authority and Wells Fargo Bank, N.A., as trustee (the “Trustee”), as supplemented by a First Supplemental Trust Agreement dated as of May 1, 2018 (the “First Supplemental Trust Agreement”), a Second Supplemental Trust Agreement dated as of December 1, 2018 (the “Second Supplemental Trust Agreement”) and a Third Supplemental Trust Agreement dated as of December 1, 2019 (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.

For the definition of certain terms used herein and a summary of certain provisions of the Trust Agreement, see Appendix A hereto. 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 2019 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 Finance. The Series 2019 Bonds are being 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 an extension of the existing Triangle Expressway System (as hereinafter defined) from its existing eastern termination point to intersect with I-40 known as Complete 540 – Phase 1, and (b) pay certain costs incurred in connection with the issuance of the Series 2019 Bonds.

Under the Original Trust Agreement, the Authority issued its Triangle Expressway System State Appropriation Revenue Bonds, Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) in the original principal amount of \$352,675,000 (the “Series 2009B Bonds”), of which \$20,210,000 remains outstanding. On May 10, 2018, pursuant to the Original Trust Agreement and the First Supplemental Trust Agreement, the Authority issued its Triangle Expressway System Appropriation Revenue Refunding Bonds, Series 2018A in the principal amount of \$150,125,000 (the “Series 2018A Bonds”), the proceeds of which were used to refund certain maturities of the Series 2009B Bonds. In addition, pursuant to the Original Trust Agreement and the Second Supplemental Trust Agreement, the Authority issued its \$161,759,000 Triangle Expressway System Appropriation Revenue Refunding Bond, Series 2018B (the “Series 2018B Bond”) on December 31, 2018, which was privately placed with a financial institution, the proceeds of which were used to redeem certain additional maturities of the 2009B Bonds on January 1, 2019.

The 2009B Bonds were issued (1) to pay, in part, the costs of land acquisition, design, construction and equipping of the Triangle Expressway System, 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 (the “Triangle Expressway System”), and (2) to pay the costs incurred in connection with the issuance of the 2009B Bonds.

Security. The Series 2019 Bonds will be special obligations of the Authority, secured by and payable from, in parity with the outstanding Series 2009B Bonds, the Series 2018A Bonds and the Series 2018B Bond, the Revenues and, under certain circumstances, the proceeds of the Series 2019 Bonds. “Revenues” consist of an annual appropriation of \$25,000,000 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 by certain funds, accounts and subaccounts held by the Trustee 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 2019 BONDS” herein.

The Authority. See “THE AUTHORITY” herein for certain information regarding the Authority.

Details of Series 2019 Bonds. The Series 2019 Bonds will be dated the date of delivery thereof. Interest on the Series 2019 Bonds will not be paid currently, but will accrue from the date of issuance thereof and be paid at maturity. A purchaser of a Series 2019 Bond at the initial offering price set forth in this Official Statement on the date of issuance and who holds such Series 2019 Bond to maturity will receive at maturity an amount equal to such offering price plus accrued interest, compounded semi-annually on each January 1 and July 1 over the life of the Series 2019 Bond at the approximate yield to maturity shown in this Official Statement. The amount payable on the Series 2019 Bonds at any given time is referred to as the “Accreted Amount.”

Appendix D sets forth a Table of Accreted Amounts for the Series 2019 Bonds, which shows the Accreted Amounts of the Series 2019 Bonds on each January 1 and July 1, per \$5,000 payable at maturity. Accreted Amounts at times between the dates shown in the table will be interpolated on a straight-line basis.

Book-entry-only. The Series 2019 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 2019 Bonds. The Bond Registrar will make payment of principal of and interest on the Series 2019 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 2019 Bonds. Individual purchases of the Series 2019 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 2019 Bonds (a) will not be included in gross income for federal income tax purposes, (b) will not be an item of tax preference, and (c) will be exempt from all State income taxes. See “TAX TREATMENT” herein.

Professionals. Hunton Andrews Kurth LLP, Charlotte, North Carolina, is serving as Bond Counsel. McGuireWoods LLP, Raleigh, North Carolina, is serving as counsel to the Underwriters. Ebony Pittman, Esq., an Assistant Attorney General for the State, is acting as counsel to the Authority. Wells Fargo Bank, N.A., Philadelphia, Pennsylvania, is serving as the Trustee and Bond Registrar. PFM Financial Advisors, LLC, Orlando, Florida, is acting as financial advisor to the Authority in connection with the issuance of the Series 2019 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 the North Carolina Department of Transportation (“NCDOT”). The Authority is authorized to design, establish, purchase, construct, operate, and maintain no more than eleven projects, including the Triangle 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, MG(R) James H. Trogon, III, P.E., the North Carolina Secretary of Transportation, serves as the Chairman of the Authority Board. The Authority is part of NCDOT, and the executive leadership of both the Authority and NCDOT are involved in all Authority projects. The following is a list of the current members of the Authority Board, their occupations and the expiration of their terms of office. There is currently one vacancy on the Authority Board.

<u>Name</u>	<u>Occupation</u>	<u>Term Expires</u>
MG(R) James H. Trogon, III, P.E., Chairman	Secretary, NCDOT	Ex-Officio
Perry R. Safran, Vice Chairman	Attorney, Safran Law Offices	2021
Robert D. Teer, Jr., Secretary/Treasurer	President, Teer Associates	2019*
Scott Aman	President, New Dixie Oil Corporation	2021
Jim Crawford	Former Member, North Carolina General Assembly	2019*
Montell W. Irvin, P.E.	President and CEO, Ramey Kemp & Associates, Inc.	2019*
Charles L. Travis, III	Mayor, Town of Cornelius	2023
James Walker	Attorney/Mediator	2023

* Under the Act, all members of the Authority Board remain in office until their successors are appointed and qualified.

The Authority Act authorizes the Authority to issue bonds pursuant to the Revenue Bond Act to finance the cost of the turnpike projects it undertakes, and to fix, revise, charge and collect tolls and fees for the use of the turnpike projects. The Triangle Expressway System was the first toll project financed by the Authority. In addition to the Triangle Expressway System, the Authority has completed the Monroe Expressway, an approximately 19.8-mile controlled access roadway including 18.1 miles of toll road in Mecklenburg and Union Counties, North Carolina (the “Monroe Expressway”), and is proceeding with plans for financing and constructing several additional toll road projects in the State. These projects consist of 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. **None of these other projects are or will be cross-collateralized with the Triangle Expressway System.**

THE SERIES 2019 BONDS

Authorization

The issuance of the Series 2019 Bonds received the required approval of the North Carolina Local Government Commission (the “LGC”) on November 5, 2019. 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 2019 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. If the Chairman, the Secretary, or any designated assistant of the LGC determines that an event or circumstance has occurred or information has become known prior to sale of the Series 2019 Bonds, or the Secretary of the LGC determines that an event or circumstance has occurred or information has become known prior to the closing of the Series 2019 Bonds, that, in his or her judgment, makes such findings and

determinations by the LGC no longer accurate, the matter could be referred back to the LGC for further consideration of its approval in light of such event, circumstance or information.

General

The Series 2019 Bonds will be dated the date of delivery thereof. Interest on the Series 2019 Bonds will not be paid currently, but will accrue from the date of issuance thereof and be paid at maturity. A purchaser of a Series 2019 Bond at the initial offering price set forth in this Official Statement on the date of issuance and who holds such Series 2019 Bond to maturity will receive at maturity an amount equal to such offering price plus accrued interest, compounded semi-annually on each January 1 and July 1 over the life of the Series 2019 Bond at the approximate yield to maturity shown in this Official Statement. The amount payable on the Series 2019 Bonds at any given time is referred to as the “Accreted Amount.”

Appendix D sets forth a Table of Accreted Amounts for the Series 2019 Bonds, which shows the Accreted Amounts of the Series 2019 Bonds on each January 1 and July 1, per \$5,000 payable at maturity. Compounded Amounts at times between the dates shown in the table will be interpolated on a straight-line basis. The Series 2019 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 2019 Bonds by the beneficial owners will be made in denominations of \$5,000 or whole multiples thereof.

Book-entry-only

The Series 2019 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 2019 Bonds. The Trustee will make payments of principal of and interest on the Series 2019 Bonds to DTC, which will in turn remit such payments to DTC participants for subsequent distribution to the beneficial owners of the Series 2019 Bonds. See Appendix C hereto for more information regarding DTC and the book-entry-only system.

Redemption Provisions

Optional Redemption. The Series 2019 Bonds 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, 2030, at a Redemption Price equal to 100% of the Accreted Amount of such Series 2019 Bonds to be redeemed.

General Redemption Provisions. At least 30 days, but not more than 60 days, prior to a redemption date for Series 2019 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 2019 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 Bond Registrar will also cause such notice of redemption to be mailed, by registered or certified mail, to one securities depository and at least two national information services that disseminate redemption information; provided, however, that failure to give such notice or any defect therein will not affect the validity of any proceedings for such redemption.

The Series 2019 Bonds shall be redeemed only in whole multiples of \$5,000 in maturity amount. If less than all the Series 2019 Bonds are called for redemption, the maturities or portions of maturities of Series 2019 Bonds to be so redeemed shall be as determined by the Authority. If less than all of the Series 2019 Bonds of any one maturity are to be called for redemption, and the Series 2019 Bonds are not held in

book-entry-only form, the Bond Registrar shall effect the redemption of the Series 2019 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 2019 Bonds are held in book-entry-only form, and less than all of the Series 2019 Bonds of any one maturity are to be called for redemption, the particular Series 2019 Bonds or portions thereof to be redeemed shall be selected in accordance with the procedures of DTC. If a portion of a Bond not in book-entry form is called for redemption, a new Bond in principal amount equal to the unredeemed portion thereof will be issued to the Owner upon surrender thereof.

Upon giving notice and depositing funds or securities with the Trustee or the Bond Registrar as provided in the Trust Agreement, the Series 2019 Bonds or portions thereof so called for redemption shall become due and payable on the redemption date, and interest on such Series 2019 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 2019 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 2019 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 2019 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 FINANCE

Series 2019 Bonds

Pursuant to the Trust Agreement and the Third Supplemental Trust Agreement, the proceeds of the Series 2019 Bonds will be applied to (a) pay a portion of the costs of land acquisition, design, construction and equipping of the next phase of the Triangle Expressway System known as Complete 540 – Phase 1, consisting of the extension of the Triangle Expressway for approximately 17.1 miles from NC 55 Bypass in Apex to I-40, and (b) pay certain costs incurred in connection with the issuance of the Series 2019 Bonds. See “THE TRIANGLE EXPRESSWAY SYSTEM – Complete 540 – Phase 1.”

Series 2009B Bonds

Under the Original Trust Agreement, the Authority issued its Triangle Expressway System State Appropriation Revenue Bonds, Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds) in the original principal amount of \$352,675,000, of which \$20,210,000 remains outstanding. The Series 2009B Bonds were issued to pay, in part, the costs of land acquisition, design, construction and equipping of the Triangle Expressway System, 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 (the “Triangle Expressway System”), and (2) to pay the costs incurred in connection with the issuance of the Series 2009B Bonds.

Series 2018A Bonds and Series 2018B Bond

On May 10, 2018, pursuant to the Original Trust Agreement and the First Supplemental Trust Agreement, the Authority issued its Triangle Expressway System Appropriation Revenue Refunding Bonds, Series 2018A in the principal amount of \$150,125,000 (the “Series 2018A Bonds”), the proceeds

of which were used to refund certain maturities of the Series 2009B Bonds. In addition, pursuant to the Original Trust Agreement and the Second Supplemental Trust Agreement, the Authority issued its \$161,759,000 Triangle Expressway System Appropriation Revenue Refunding Bond, Series 2018B (the “Series 2018B Bond”) on December 31, 2018, which was privately placed with a financial institution, the proceeds of which were used to redeem certain additional maturities of the 2009B Bonds on January 1, 2019. All of the Series 2018A Bonds and the Series 2018B Bond remain outstanding.

The Series 2009B Bonds, the Series 2018A Bonds, the Series 2018B Bond and the Series 2019 Bonds are secured by the Revenues, which consist primarily of an annual appropriation of \$25,000,000 to the Authority by the State of North Carolina from the North Carolina Highway Trust Fund. Under the Trust Agreement, principal and interest on the Series 2019 Bonds cannot be paid until the Series 2009 Bonds, the Series 2018A Bonds and the Series 2018B Bond have been paid in full. Accreted amounts on the Series 2019 Bonds are not scheduled to be paid until the Series 2009 Bonds, the Series 2018A Bonds and the Series 2018B Bond have been paid in full so long as they are paid in accordance with their scheduled principal and interest payments.

Other Funding Sources for Complete 540 – Phase 1

Senior Lien Revenue Bonds. Under the Authority Act and the Revenue Bond Act, the Authority intends to issue its \$370,975,000 Triangle Expressway System Senior Lien Turnpike Revenue Bonds, Series 2019 (the “Series 2019 Senior Lien Revenue Bonds”). The Series 2019 Senior Lien Revenue Bonds will be issued pursuant to applicable provisions of law, a bond order adopted by the Authority on October 31, 2019 (the “Revenue Bond Order”), an Amended and Restated Trust Agreement dated as of December 1, 2019 (the “Amended and Restated General Revenue Bond Trust Agreement”), between the Authority and Wells Fargo Bank, N.A., as trustee (the “Trustee”), and a Fourth Supplemental Trust Agreement dated as of December 1, 2019 (the “Fourth Supplemental General Revenue Bond Trust Agreement” and, together with the Amended and Restated General Revenue Bond Trust Agreement, the “General Revenue Bond Trust Agreement”), between the Authority and the Trustee. The proceeds of the Series 2019 Senior Lien Revenue Bonds will be used to pay a portion of the costs of Complete 540 – Phase 1, including capitalized interest on certain of the Series 2019 Senior Lien Revenue Bonds, to pay the premium for a Bond Insurance Policy, to fund the Senior Lien Parity Reserve Account in the amount of the increase in the Senior Lien Parity Reserve Account Requirement resulting from the issuance of the Series 2019 Bonds and to pay the costs of issuance of the Series 2019 Senior Lien Revenue Bonds. **The revenues and receipts securing the Senior Lien Revenue Bonds do not secure the Series 2019 Bonds, and the Series 2019 Bonds and the Senior Lien Revenue Bonds are not cross collateralized.**

TIFIA Loan Agreement. Additional financing for the costs of Complete 540 – Phase 1 will be paid from the proceeds of a loan under the Transportation Infrastructure Finance and Innovation Act of 1998 (“TIFIA”) in an estimated amount of \$499,461,981 (the “2019 TIFIA Loan”) to be made by United States Department of Transportation (“USDOT”) to the Authority pursuant to a Loan Agreement, expected to be dated as of December 17, 2019 (the “2019 TIFIA Loan Agreement”). The 2019 TIFIA Loan will be evidenced by a revenue bond issued under the General Revenue Bond Trust Agreement that is subordinate to the Series 2019 Senior Lien Revenue Bonds. The 2019 TIFIA Loan Agreement is not payable from the Revenues pledged under the Trust Agreement. The Authority expects to close on the 2019 TIFIA Loan Agreement and the Series 2019 Senior Lien Revenue Bonds on the Closing Date.

THE SERIES 2019 BONDS, THE SERIES 2019 SENIOR LIEN REVENUE BONDS AND THE 2019 TIFIA LOAN AGREEMENT ARE ALL REQUIRED TO CLOSE AT THE SAME TIME. IF FOR ANY REASON THE SERIES 2019 SENIOR LIEN REVENUE BONDS OR THE 2019 TIFIA LOAN AGREEMENT IS NOT ABLE TO CLOSE ON THE CLOSING DATE, THE SERIES 2019 BONDS WILL NOT CLOSE.

GARVEE Bonds; General Reserve Fund Contribution; Other NCDOT Funds. The remaining costs of Complete 540 – Phase 1 are expected to be paid from funds currently on deposit in the General Reserve Fund held under the Amended and Restated General Revenue Bond Trust Agreement and from one or more issues of the State of North Carolina Grant Anticipation Revenue Vehicle Bonds (“GARVEE Bonds”) and State matching funds. The GARVEE Bonds are currently expected to be issued in Fiscal Year 2022. Funds from NCDOT National Highway Performance Program in an amount of up to \$81,000,000 are available for Complete 540 – Phase 1, although at this time the Authority does not anticipate that such funds will be needed (“NCDOT NHPP Funds”).

Construction of Complete 540 – Phase 1 is planned to begin in late 2019, and is expected to be substantially complete by July 1, 2023. Construction costs to date, including design and engineering costs, development costs, and right-of-way acquisition have been funded from funds provided by the North Carolina Department of Transportation (“NCDOT”) as part of the State Transportation Improvement Program. Such costs are expected to be reimbursed from the proceeds of the Series 2019 Bonds or the Series 2019 Senior Lien Revenue Bonds.

ESTIMATED SOURCES AND USES OF SERIES 2019 BOND PROCEEDS

Sources of Funds

Principal Amount of Series 2019 Bonds	\$115,979,250
Total Sources of Funds	<u>\$115,979,250</u>

Uses of Funds

Costs of Complete 540 – Phase 1	\$115,354,594
Costs of Issuance ¹	<u>624,656</u>
Total Uses of Funds	<u>\$115,979,250</u>

¹ Includes underwriters’ discount, initial fees and expenses of the Trustee, rating agencies, legal, accounting and other fees and expenses of issuance.

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ESTIMATED COMPLETE 540 – PHASE 1 SOURCES AND USES OF FUNDS

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	TOTAL
Sources ¹ :						
Proceeds of Series 2019 Bonds	\$104,971,678	\$11,007,572	\$ -	\$ -	\$ -	\$115,979,250
2019 TIFIA Loan ²	-	279,462,940	219,999,041	-	-	499,461,981
Proceeds of Series 2019 Senior Lien Revenue Bonds	387,655,410	40,650,439	-	-	-	428,305,849
NCDOT GARVEE Bonds	-	-	82,469,132	157,846,168	2,684,700	243,000,000
GARVEE State Match funds	-	-	27,489,711	52,615,389	894,900	81,000,000
General Reserve contribution	-	-	-	30,102,864	-	30,102,864
Total Sources	<u>\$492,627,088</u>	<u>\$331,120,951</u>	<u>\$329,957,884</u>	<u>\$240,564,420</u>	<u>\$3,579,600</u>	<u>\$1,397,849,943</u>
Uses:						
Costs of Complete 540 – Phase 1	\$420,316,838	\$331,120,951	\$329,957,884	\$210,461,557	\$3,579,600	\$1,295,436,829
Costs of Issuance ³	5,378,174	-	-	-	-	5,378,174
Series 2019 Subaccount of the Capitalized Interest Account	66,932,076	-	-	-	-	66,932,076
TIFIA Debt Service Reserve Account	-	-	-	30,102,864	-	30,102,864
Total Uses	<u>\$492,627,088</u>	<u>\$331,120,951</u>	<u>\$329,957,884</u>	<u>\$240,564,420</u>	<u>\$3,579,600</u>	<u>\$1,397,849,943</u>

¹ Does not include investment earnings.

² Estimated as of the date of this Official Statement.

³ Includes legal fees, underwriters' discount, premium for the Bond Insurance Policy, premium for the Series 2019 Senior Lien Revenue Bonds Debt Service Reserve Policy, rating agency fees, fees and expenses of the Trustee and municipal advisor, and miscellaneous fees and expenses.

Note: Totals may not foot due to rounding.

THE TRIANGLE EXPRESSWAY SYSTEM

General

The “Triangle Expressway” currently extends for approximately 18.8 miles from the interchange of I-40 and NC 147 on the north end to the NC 55 Bypass near Holly Springs, North Carolina on the south end, and includes 12 interchanges (collectively, the “Triangle Expressway System”). The Triangle Expressway is a segment of the partially complete “Outer Loop” around the greater Raleigh, North Carolina area. Using the Triangle Expressway, travelers have a limited-access, six-lane, high-speed facility from I-40 to the NC 55 Bypass near Holly Springs, reducing congestion on NC 55, a heavily utilized road which runs parallel to the Triangle Expressway. The Triangle Expressway provides access to a rapidly developing area within the Triangle region, which is projected to have substantial increases in both population and employment over the next 25 years, and improves access into the Research Triangle Park and other area employment centers.

The Triangle Expressway System initially was comprised of two major construction projects known as the Triangle Parkway (also referred to as “Toll NC 147”) and the Western Wake Freeway (also referred to as “Toll NC 540”). The two projects were financed together, but had three different opening dates based on the volume of work in each project. The first segment of the Triangle Expressway System, the Triangle Parkway, broke ground in August 2009 and opened to traffic in December 2011. The second and third segments of the Triangle Expressway System, which made up the Western Wake Freeway, opened in August 2012 and December 2012, respectively.

In April of 2017, a new interchange known as the Veridea Parkway Interchange opened to traffic. The Veridea Parkway Interchange is located between the US 1 interchange and the NC 55 Bypass interchange on the southern end of the Triangle Expressway and provides a direct local link between the Triangle Expressway and Veridea Parkway/Old Holly Springs-Apex Road. The Veridea Parkway Interchange was paid for in part with proceeds of the Series 2009 Bonds. A second interchange, the Morrisville Parkway Interchange, is currently under construction and is expected to be completed in early 2020 to provide increased connectivity and access. Toll revenues from both the Veridea Parkway Interchange and the Morrisville Parkway Interchange are or will be included in Receipts and Revenues of the Triangle Expressway System.

The Authority and NCDOT entered into a Project Specific Agreement for Triangle Expressway and Executory Contract for Lease of Right-of-Way for Triangle Expressway (the “Project Specific Agreement”) on March 6, 2008. The Project Specific Agreement establishes the terms and conditions under which NCDOT supports the Authority in its efforts to finance, construct, equip, operate and maintain the Triangle Expressway System in accordance with the Authority Act. The Authority and the NCDOT entered into a Lease Agreement (the “Lease Agreement”) under which the NCDOT leases to the Authority all rights-of-way necessary for the Triangle Expressway System for one dollar per year. The Lease Agreement provides the Authority uninterrupted access to and full use of the Triangle Expressway System rights-of-way up to and until the Authority ceases to operate the Triangle Expressway System as a toll facility, at which time the Lease Agreement will terminate and the Triangle Expressway will revert to the NCDOT.

Extension of NC 147

The NCDOT 2018-2027 STIP includes, as Project U-5966, funding for the construction of a multilane highway that will connect the segment of the Triangle Expressway System known as Toll NC 147 (at the interchange with Toll NC 540) to McCrimmon Parkway at Town Hall Drive in Morrisville, North Carolina (the “Highway 147 Extension”). The STIP shows funding for right-of-way and utility relocation for the Highway 147 Extension in Fiscal Year 2021 and construction in Fiscal Year 2023. The

Highway 147 Extension would provide the area with more direct access to the Triangle Expressway System from the communities to the south of the Triangle Expressway. The Highway 147 Extension will not be part of the Triangle Expressway System, but will provide direct highway access to the Triangle Expressway System.

Maintenance of the Triangle Expressway System

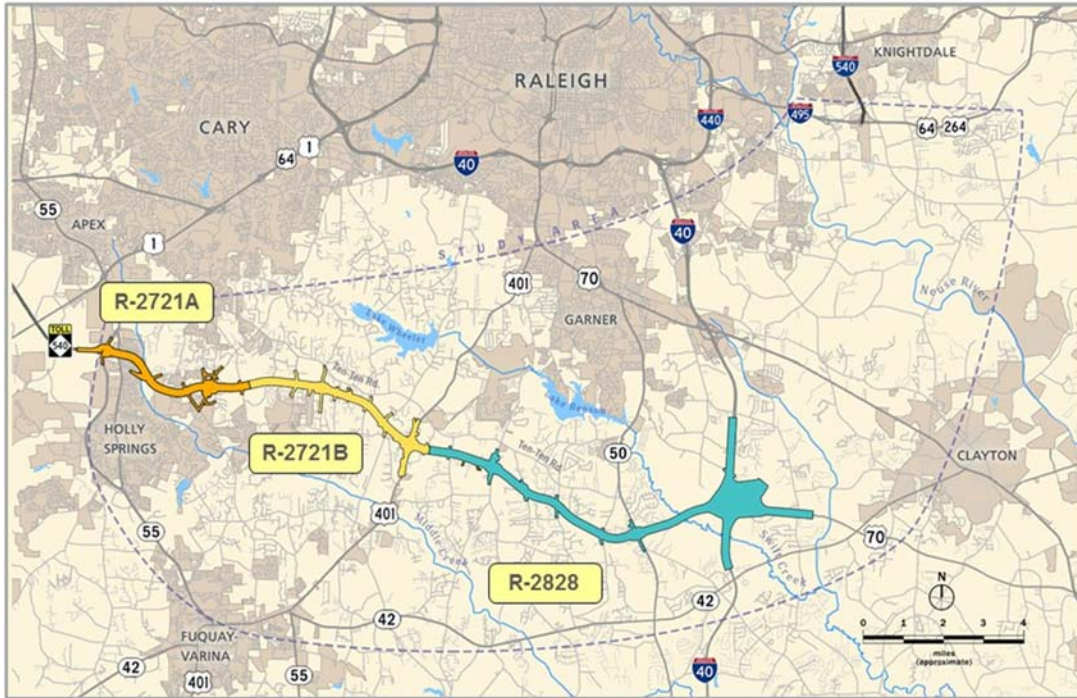
Maintenance is performed to standards defined in the Authority’s maintenance rating program guidelines, standard operating procedures for roadway elements, and NCDOT performance standards, and utilizes criteria used to measure compliance. The Authority has an independent consultant who conducts the Maintenance Rating Program (“MRP”) for the Triangle Expressway on a quarterly basis. The maintenance rating program assesses various elements of the Triangle Expressway, including road surface, unpaved shoulders and ditches, drainage, roadside and traffic control devices. The Authority’s target rating for the MRP is 90; the Triangle Expressway’s MRP rating as of June 30, 2019 was 92.1. If the Authority is unable to fund the maintenance costs after satisfying debt payments, the NCDOT O&M Guaranty ensures that operating and maintenance costs will be paid by NCDOT.

Complete 540 – Phase 1

Complete 540 – Phase 1 is an extension of the Triangle Expressway System, and will be a six-lane controlled access toll facility. It will modify one interchange and add five new interchanges to the Triangle Expressway System. Complete 540 – Phase 1 consists of three separate NCDOT State Transportation Improvement Program (“STIP”) Projects R-2721A, R-2721B and R-2828, that make up the approximately 17.8 mile portion of Complete 540 from the NC 55 Bypass in Apex east to I-40 in Johnston County. STIP Project R-2721A is the portion of the Triangle Expressway from the NC 55 Bypass to east of Holly Springs Road; STIP Project R-2721B is the portion from east of Holly Springs Road to east of US 401; and STIP project R-2828 is from east of US 401 to I-40. Complete 540 - Phase 1 will have controlled access interchanges with the following roads: NC 55 Bypass, Holly Springs Road, Bells Lake Road, Fayetteville Road (US 401), Old Stage Road, Benson Highway (NC 50) and US 70/I-40 and will have six mainline toll collection zones.

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The following map shows the route of Complete 540 – Phase 1, including the STIP Project references:



Complete 540 – Phase 2

The final phase of the Triangle Expressway System consists of the remaining 10.8 miles from I-40 to the US 64/US 264 Bypass and is identified in the STIP as R-2829. The Authority expects to commence construction of Complete 540 – Phase 2 in 2027. Completion of Complete 540 – Phase 2 will complete the 540 Outer Loop around the greater Raleigh area, which will accomplish several objectives, including improved mobility within or through the area during peak travel periods, reduction of forecasted congestion on the existing roadway network within the area, and improving linkage in the regional roadway network. It is expected that completion of the 540 Outer Loop will benefit local commuters living south and east of Raleigh as well as motorists making longer trips through the Triangle region to and from points south and east.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS

General

The Series 2019 Bonds will be special obligations of the Authority, secured by and payable from the Revenues and, under certain circumstances, the proceeds of the Series 2019 Bonds. Except as described below, the Series 2019 Bonds are secured in parity with outstanding Series 2009B Bonds, the Series 2018A Bonds and the Series 2018B Bond (together, the “Appropriation Bonds”).

The Trust Agreement provides that the “Revenues” will primarily consist of the State Appropriated Revenues (as defined below). 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 Triangle 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 2019 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 \$25,000,000 designated for the Triangle 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 Triangle Expressway System or to fund debt service reserves, operating reserves, and similar reserves in connection therewith. The annual appropriation for the Triangle 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 2019 BONDS.** The General Assembly enacted Session Law 2019-231 on October 18, 2019, which makes appropriations for NCDOT for 2019-2020 and 2020-2021, including the State Appropriated Funds. The General Assembly also enacted Session Law 2019-251 on November 18, 2019, which provides additional funding to the Highway Trust Fund to be used to respond to major disasters. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 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.

Under the Trust Agreement, State Appropriated Revenues are required to be deposited to the Revenue Fund. Immediately upon receipt of State Appropriated Revenues, the Trustee shall transfer such amounts to the Interest Account of the Debt Service Fund an amount sufficient, together with the amounts then on deposit in the Interest Account, and amounts in the Capitalized Interest Account available to pay such interest, to pay interest on the Bonds on the next Interest Payment Date, and 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 of

principal payable on the Bonds on the next Principal Payment Date. State Appropriated Revenues in the Revenue Fund following the transfers described above, are required to be transferred from the Revenue Fund 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.

In 2009, Congress added Sections 54AA and 6431 to the Code to permit state or local governments to obtain certain tax advantages when bonds are issued as “Build America Bonds.” An issuer of a Build America Bond could apply to receive payments (“Interest Subsidy Payments”) directly from the Secretary of the United States Treasury. The amount of an Interest Subsidy Payment was set in the Code at 35% of the corresponding interest payable on the related Build America Bond, subject to sequestration under federal budget rules. The Authority elected to treat the Series 2009B Bonds as Build America Bonds. The Interest Subsidy Payments received by the Authority constitute Revenues under the Trust Agreement and are pledged under the Trust Agreement to the repayment of the Appropriation Bonds. However, since most of the Series 2009B Bonds have been refinanced, the amount of Interest Subsidy Payments will be comparatively little since they will be calculated only with respect to the Series 2009B Bonds Outstanding. Therefore, the amount of Interest Subsidy Payments is not material with respect to the overall security for the Series 2019 Bonds.

In no event shall there be any acceleration of payment of principal of or interest on the Series 2019 Bonds as a result of the occurrence of any Event of Default under the Trust Agreement.

Highway Trust Fund

General. 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 another fund to be held by NCDOT — the Disaster Relief Cash Flow Loan Fund (the “Relief Fund”), and authorized the transfer of \$90,000,000 from the State’s General Fund to the Relief Fund. 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. Under Session Law 2019-251, enacted on November 18, 2019, NCDOT is not required to repay the \$90,000,000 to the General Fund. 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.

In September 2019, NCDOT released a review conducted by a McKinsey and Company, Inc. of how NCDOT manages multiple funding accounts and expenditures (the “Study”). This review was initiated by the Office of State Budget and Management (“OSBM”) in May 2019 to identify any areas where NCDOT could find efficiencies or improve internal processes. OSBM asked for this review following NCDOT's concern about the strain placed upon the department’s cash reserves due to weather-related events (Hurricanes Florence, Michael and Matthew, snowstorms, rockslides and isolated flash floods), litigation settlements, and project scoping issues (actual costs greatly exceeding initial projections). The Study noted that applicable law provides for targeted minimum and maximum amounts of cash to be held

in the HTF and the Highway Fund. See “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2019 BONDS – Highway Trust Fund – Limitations.” The extraordinary costs over the past year reduced NCDOT cash reserves close to the minimum required by the General Assembly.

The Study noted that NCDOT is facing great changes and uncertainty in revenue streams and costs, including uncertainty around revenue streams that are dependent on the motor vehicles fuel tax as gas prices remain low and drivers are less dependent on gas-powered vehicles; the increased frequency of natural disasters that dramatically and unpredictably increase costs and impact cash reserves; and greater complexity of construction projects and threats of litigation, which makes projecting costs more difficult. While multiple factors contributed to the cash variance, one-third was directly attributed to natural disasters.

The Study made specific recommendations for improvements given the increased financial uncertainty facing the department. Those recommendations include continuing to refine forecasting methodologies to reduce budget overruns on increasingly complex construction projects; improving contracting practices to provide more project and budget flexibility; enhancing organizational performance metrics and governance to ensure budget accountability across departmental divisions; and increased use of data to improve organizational agility and strengthen controls for budget accountability. For additional information regarding the Study, see <https://www.ncdot.gov/about-us/how-we-operate/finance-budget/Documents/mckinsey-ncdot-review-presentation.pdf>.

On June 13, 2019, the State issued its \$300,000,000 State of North Carolina Limited Obligation (Build NC) Bonds, Series 2019A (the “2019 Build NC Bonds”), which are repayable from appropriations by the North Carolina General Assembly from the Highway Trust Fund. The 2019 Build NC Bonds were issued under the State Capital Facilities Finance Act, Article 9 of Chapter 142 of the North Carolina General Statutes, as amended by North Carolina 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 and divisional transportation projects contained in the Statewide Transportation Improvement Plan (“STIP”). The amount of bonds issued under the Build NC Bond Act is limited to \$300,000,000 per year, and the authorization expires December 31, 2028. Bonds can be issued under the Build NC Bond Act only if certain requirements set forth in such act are met. In Session Law 2019-251 (discussed below), the North Carolina General Assembly increased the amount of Build NC Bonds allowed to be issued in fiscal year 2019-2020 from \$300,000,000 to \$400,000,000, although the overall limit of \$3 billion in bonds was not increased. For additional information regarding the 2019 Build NC Bonds and the Highway Trust Fund, see the official statement filed with the Electronic Municipal Market Access (“EMMA”) at <https://emma.msrb.org/ER1236236-ER967073-ER1367986.pdf>, and related continuing disclosure filed at such site.

The General Assembly enacted Session Law 2019-251 on November 18, 2019, which provides additional funding to the Highway Trust Fund to be used to respond to major disasters. It also imposed additional oversight on NCDOT relating to both the Highway Fund and the HTF. Specifically, the statute directs NCDOT to transfer \$100 million (\$50 million by February 1, 2020 and \$50 million by May 1, 2020) from the HTF to the Highway Fund as a loan, with a repayment schedule to be approved by the Department of the State Treasurer; creates a Transportation Emergency Reserve to hold \$125 million in funds for use by NCDOT for presidentially declared major disasters, with initial funding of \$64 million from the State’s General Fund and the remainder to be funded by NCDOT by June 30 of each year; and appropriates \$36 million from the General Fund to NCDOT for specific disaster relief efforts. In addition, Session Law 2019-251 imposes additional reporting requirements on NCDOT, including a weekly cash watch report; requires the Office of the State Auditor to conduct a performance audit of NCDOT; and requires NCDOT to submit a comprehensive financial management report to the Joint Legislative Transportation Oversight Committee of the General Assembly by January 15, 2020.

The State 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.

Revenue Sources. The authorizing legislation for the HTF 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.

Motor Fuels Tax - This tax is 36.2¢ per gallon for the period January 1, 2019, through December 31, 2019. 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, 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. Twenty-nine percent of the Motor Fuels Tax is deposited in the HTF with the balance going to the Highway Fund. This amount represents approximately 37% of all State revenue deposited to the HTF as shown in the State’s fiscal 2017-18 financial statements.

Highway Use Tax - North Carolina collects a 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 52% of all State revenue deposited to the HTF as shown in the State’s fiscal 2017-18 financial statements.

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 11% of all State revenue deposited to the HTF as shown in the State’s fiscal 2017-18 financial statements.

The following table shows the amount of tax revenue and non-tax revenue received in the HTF in fiscal year 2013-14 through fiscal year 2018-19:

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

	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>	<u>FY 2016-17</u>	<u>FY 2017-18</u>	<u>FY 2018-19⁽¹⁾</u>
Highway Use Tax	\$ 596,801	\$ 653,931	\$ 728,580	\$ 784,549	\$ 798,314	\$ 838,653
Motor Fuels Tax	473,750	478,847	565,864	554,831	573,949	606,773
Fees, Licenses and Fines	98,148	102,875	124,668	143,989	142,620	142,279
Investment Earnings	3,633	6,973	9,298	15,408	22,320	10,670
Rental and Lease of Property	2,435	2,037	1,713	1,971	1,211	772
Local Funds	963	907	606	2,786	897	9,787
Interest Earnings on Loans	62	112	153	229	315	450
Contributions, Gifts and Grants	3,672	52	874	--	96	108
Sales and Services	--	--	9	1	--	--
Miscellaneous	<u>996</u>	<u>368</u>	<u>3,894</u>	<u>508</u>	<u>2,214</u>	<u>749</u>
Total	<u>\$ 1,180,460</u>	<u>\$ 1,246,102</u>	<u>\$1,435,659</u>	<u>\$1,504,272</u>	<u>\$1,541,936</u>	<u>\$1,610,241</u>

⁽¹⁾Unaudited.

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 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 five 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 general obligation bonds issued for highway purposes. The last general obligation authorization to fund transportation projects occurred in 1996. The related act stated the General Assembly's intention that the debt service on such bonds be paid from the HTF but did not pledge HTF revenues to make such payments. The outstanding amount of such bonds as of June 30, 2019, was \$55,877,000 million and all such bonds are scheduled to be fully retired in State fiscal year 2020.

Statutory Commitments. In addition to the State Appropriated Revenues to the Authority for the Triangle Expressway System, the General Assembly has also committed to an annual transfer to the Authority of \$24,000,000 is to be used to pay debt service or related financing expenses on revenue bonds or notes issued for the construction of the Monroe Expressway. The General Assembly also has committed to an annual transfer to the North Carolina State 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

State Ports Authority and (ii) financing capital projects. This amount is funded from the HTF beginning in State fiscal year 2018 and to date has been spent on capital projects.

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

State Fiscal Year Ending <u>June 30</u>	Total HTF Revenue	Debt Service Paid⁽¹⁾	Coverage Ratio⁽²⁾	Annual Statutory Commitments⁽³⁾	Coverage Ratio⁽⁴⁾
2009	\$ 911,998	\$ 85,461	10.672	\$ 25,000	8.26
2010	914,882	77,631	11.785	25,000	8.91
2011	977,107	84,263	11.596	49,000	7.33
2012	1,068,826	79,232	13.490	49,000	8.34
2013	1,127,881	81,481	13.842	49,000	8.64
2014	1,180,460	73,092	16.150	49,000	9.67
2015	1,246,102	59,615	20.902	49,000	11.47
2016	1,435,659	48,620	29.528	49,000	14.71
2017	1,504,272	61,012	24.655	49,000	13.67
2018	1,541,936	52,161	29.561	94,000	10.55
2019	1,605,876	50,036	32.094	94,000	11.15 ⁽⁵⁾

(1) 2009-2018 general obligation issues.

(2) Total HTF Revenue/Debt Service Paid.

(3) Payments to the Authority 2009-2019; 2018-2019 also includes \$45 million to the State Ports Authority.

(4) Total HTF Revenue/Debt Service and Annual Statutory Commitments Paid.

(5) Annual debt service on the 2019 Build NC Bonds ranges from \$28,174,300 - \$28,179,050. Using the maximum annual debt service for the 2019 Build NC Bonds, the Coverage Ratio (after Annual Statutory Commitments) in Fiscal Year 2019 would have been 8.97.

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, including the Series 2019 Senior Lien 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 147-6.1. 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 acts as a contingent subsidy during operations to help protect I-77 creditors in case of shortfalls during times of inconsistent or weaker than expected toll revenues. If necessary, the DRAM will be used to return the project to a Total Debt Service Coverage Ratio of 1.0x, covering not only operating costs but also debt service (senior debt service and debt service on a loan from the United States Department of Transportation) and funding reserve accounts to their required balances. The DRAM will be available until the earlier of (1) final maturity of the federal loan (currently scheduled for 2053 but subject to earlier payment in certain events) or (2) refinancing. A portion of the I-77 Express Lane Project opened

in June, 2019, and the remaining portion is expected to open in the near future. It is uncertain if DRAM payments will be required.

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 147-6.1. 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 each project. It is expected that a State match will be required as part of the financing for Complete 540 – Phase 1 and NCDOT will agree to pay excess construction costs. Amounts advanced by NCDOT for early project costs relating to Complete 540 – Phase 1 are expected to be reimbursed from the proceeds of the Series 2019 Senior Lien Revenue Bonds or the Series 2019 Bonds.

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.

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

**Transfers In and Out of the Highway Trust Fund
(\$ in Thousands)**

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019⁽¹⁾</u>
<u>Transfers In</u>					
General Fund	-	-	-	-	-
Highway Fund	-	-	-	-	-
Turnpike Authority ⁽²⁾⁽³⁾	-	-	\$88,566	-	-
Total Transfers In	-	-	\$88,566	-	-
<u>Transfers Out</u>					
General Fund ⁽³⁾	\$430	\$485	\$426	\$433	\$402
Highway Fund ⁽³⁾	31,701	31,044	29,637	28,717	31,032
Ports Authority ⁽⁴⁾	-	-	-	45,000	45,000
Turnpike Authority ⁽⁴⁾	49,000	49,000	49,000	49,000	49,000
Turnpike Authority ⁽⁵⁾	<u>13,238</u>	<u>10,386</u>	<u>-</u>	<u>1,779</u>	<u>19,763</u>
Total Transfers Out	\$94,369	\$90,915	\$79,063	\$ 124,929	\$145,197

(1) Unaudited

(2) Repayment of amounts spent on Turnpike Authority's Monroe Expressway from GARVEE Bond proceeds when use of proceeds changed to other projects.

(3) Interfund transfers.

(4) Annual Statutory Commitments.

(5) Other funds transferred to the Turnpike Authority.

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Cash Management of the HTF and the Highway Fund. The North Carolina General Assembly has passed laws designed to encourage NCDOT to use cash balances to accelerate transportation projects. In 2001 it required NCDOT to use cash flow financing to accelerate projects, reduce cash balances, establish management controls, and strengthen project delivery processes. To minimize the amount of working capital needed to fund transportation projects and prevent excessive cash balances, statutes now provide for the pooling of cash balances and short-term loans between the Highway Fund and the HTF. Such loans are separate from transfers – see Note 10 of the State’s Comprehensive Annual Financial Report, which can be found at www.osc.nc.gov. The current loans from the HTF to the Highway Fund address demands on Highway Fund working capital related to disaster recovery efforts, and the acceleration of transportation projects, particularly projects funded through the federal Advance Construction process. Such loans are currently expected to be repaid to the HTF within five years without interest.

Cash Balance Table⁽¹⁾
(\$ in Thousands)

<u>Month End</u>	<u>Highway Fund</u>	<u>Highway Trust Fund</u>	<u>Total⁽²⁾</u>	<u>HTF Loans to HF (Outstanding Amount)</u>
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	516,126	1,140,300
July 2019	167,352	330,618	497,970	1,140,300
August 2019	192,573	280,457	473,030	1,140,300
September 2019	272,620	254,400	527,056	1,140,300

⁽¹⁾ 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.

⁽²⁾ Totals may differ due to rounding.

The decline in total cash balance in the two funds is primarily the result of efforts to accelerate construction activities. As between the two funds, the cash balance of the Highway Fund would be significantly lower (and the HTF higher) if the loans for cash management purposes had not occurred. Such loans have no effect on the aggregate cash balance of the funds and therefore have no impact on either the Build NC Bond Act’s requirements relating to balances or the limitations discussed below. Without taking

into account additional revenue sources for the Highway Fund, it is currently expected such loans will be repaid to the HTF within the next five years without interest.

The State Treasurer and NCDOT have established procedures for the cash management loans described above, which include notification to, and approval by, the State Treasurer’s office for any such cash management loans, which must be repaid within 59 months. The State Treasurer, NCDOT and the State Office of State Budget and Management have agreed that, prior to the issuance of any additional bonds under the Build NC Bond Act, they will execute a formal memorandum of understanding concerning the procedures, including reporting and notification provisions, and documentation for such loans and any interfund transfers to or from the HTF.

Limitations. There are several legislative mandates applicable to NCDOT’s cash balances. The North Carolina General Assembly has required NCDOT to target keeping the cash balance in the HTF and the Highway Fund of not more than \$1,000,000,000. In addition, by statute, the total of annual expenditures and payments cannot cause the aggregate amount in the Highway Fund and the HTF at the end of any month to fall below 7.5% of the total annual appropriations to such funds (\$282 million in Fiscal Year 2018-19 and \$293 million in Fiscal Year 2019-20). If such minimum balance is not met, the relevant statute, North Carolina General Statute Section 143C-6-11(f), provides that no further transportation project contract commitments may be entered into until the minimum balance is achieved. No federal transportation funds on hand are considered cash for purposes of such limitation calculations. Cash balances in the HTF and Highway Fund at the end of each month through September 30, 2019, are shown in the table above entitled “Cash Balance Table.”

Summary Financial Information

A summary, prepared by NCDOT, excluding federal and departmental receipts and expenditures, of the actual revenues and expenditures for the 2017-18 and 2018-19 fiscal years and the authorized budget amounts for the 2019-20 fiscal year is presented below:

Highway Trust Fund (\$ in Millions)

	<u>Actual 2017-18</u>	<u>Actual 2018-19</u>	<u>Authorized 2019-20</u>
Beginning Balance, July 1	\$1,770.4	\$1,659.2	\$ 1,732.2
Revenue	1,542.9	1,606.2	1,599.7
Interfund Transfer ⁽¹⁾	(29.1)	(31.4)	(35.6)
Interfund Transfer ⁽²⁾	(49.0)	(49.0)	(49.0)
Interfund Transfer ⁽³⁾	(1.8)	(18.8)	-
Total Available Funds	\$3,233.4	\$3,166.2	\$3,247.3
Expenditures and Obligations			
Current Operations	\$1,574.2	\$1,434.0	\$1,515.1
Ending Fund Balance, June 30	\$1,659.2	\$1,732.2	\$1,732.2

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

⁽¹⁾ Includes transfers to the General Fund and the Highway Fund.

⁽²⁾ Annual required transfers to the Authority and the State Ports Authority, but omitting amounts transferred to the State Ports Authority treated as Current Operations for purposes of this table.

⁽³⁾ Repayment of advances from the Authority.

Highway Fund (\$ in Millions)

	<u>Actual 2017-18</u>	<u>Actual 2018-19</u>	<u>Authorized 2019-20</u>
Beginning Balance, July 1	\$246.6	\$(390.0)	\$(595.6)
Revenue	2,321.9	2,439.9	2,303.3
GARVEE Bond Proceeds	253.1	719.0	-
Energy Savings Loan	32.3	-	-
Interfund Transfer ⁽¹⁾	30.7	117.1	-
Total Available Funds	\$2,884.6	\$2,886.0	\$1,707.7
Expenditures and Obligations			
Current Operations	\$3,172.2	\$3,270.1	\$2,288.3
GARVEE Expenditures	48.0	71.8	-
Interfund Transfer (General Fund)	46.3	116.9	15.0
Capital Improvements	8.1	22.8	-
Total Expenditures and Obligations	\$3,274.6	\$3,481.6	\$2,303.3
Ending Fund Balance, June 30	<u>\$(390.0)</u>	<u>\$(595.6)</u>	<u>\$(595.6)</u>

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

⁽¹⁾ Includes transfers from the Highway Trust Fund and other small funds.

Litigation affecting HTF

The Transportation Corridor Official Map Act (“Map Act”) was enacted in 1987 to provide the North Carolina Department of Transportation (“NCDOT”) with the authority to record corridor maps that impose restrictions on a landowner’s rights to improve, develop and subdivide property within the corridor, which 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. 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. As of November 8, 2019, NCDOT had settled 420 claims and otherwise directly acquired parcels subject to the Map Act at a total cost of approximately \$621 million. An additional 209 cases remain unresolved and other cases could be filed. NCDOT’s chief operating officer informed the Board of Directors of NCDOT in June, 2019 that the cost of settling Map Act cases could exceed \$1 billion, which includes the \$621 million spent or obligated to date. Map Act acquisitions typically are paid from the Highway Trust Fund, although acquisitions of parcels in the right of way of Complete 540 – Phase 1 will be paid as part of the cost of acquisition, construction and completion of Complete 540 – Phase 1.

Except 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.

Reserve Fund for Series 2009B Bonds

The Trust Agreement created the Reserve Fund with respect to the Series 2009B Bonds and any other Build America Bonds issued pursuant to the Trust Agreement. **Such fund does NOT secure the Series 2019 Bonds and is expected to be fully used in the payment of principal of the last maturity of the remaining Series 2009B Bonds on January 1, 2021.**

Additional Bonds

The Third Supplemental Trust Agreement amends the Trust Agreement to permit the issuance of additional bonds payable from the Revenues on a parity with the 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 the purpose of paying additional costs of the Triangle Expressway System. Additional Appropriation Bonds may only be issued upon compliance with certain conditions set forth in the Trust Agreement, 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 Appropriation Bonds and any such additional Appropriation Bonds, 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 Appropriation Bonds. Such amendment to the Trust Agreement is permitted under the terms thereof since payment with respect to the Series 2019 Bonds authorized by such amendment will not occur until the Outstanding Series 2009B Bonds, Series 2018A Bonds and the Series 2018B Bond have been paid in full.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table shows the debt service total for the Series 2019 Bonds, the Series 2018A Bonds, Series 2018A Bond and the Series 2009B Bonds. All of such obligations are payable from the State Appropriated Revenues.

Fiscal Year	Series 2019 Bonds Initial Principal Amount	Series 2019 Bonds Compounded Interest	Series 2018A/B Bonds Debt Service ⁽²⁾	Series 2009B Bonds ⁽¹⁾ Debt Service ⁽²⁾	Total ⁽³⁾
2020	-	-	\$11,296,170	\$10,464,065	\$21,760,235
2021	-	-	11,309,808	10,454,164	21,763,972
2022	-	-	22,997,488	-	22,997,488
2023	-	-	22,982,809	-	22,982,809
2024	-	-	22,969,189	-	22,969,189
2025	-	-	22,985,319	-	22,985,319
2026	-	-	22,971,493	-	22,971,493
2027	-	-	22,958,401	-	22,958,401
2028	-	-	22,943,156	-	22,943,156
2029	-	-	22,927,476	-	22,927,476
2030	-	-	22,912,036	-	22,912,036
2031	-	-	22,894,527	-	22,894,527
2032	-	-	22,878,610	-	22,878,610
2033	-	-	24,585,800	-	24,585,800
2034	-	-	24,586,900	-	24,586,900
2035	-	-	24,586,400	-	24,586,400
2036	-	-	24,583,100	-	24,583,100
2037	-	-	24,585,600	-	24,585,600
2038	-	-	24,587,400	-	24,587,400
2039	-	-	24,587,100	-	24,587,100
2040	\$13,684,250	\$11,315,750	-	-	25,000,000
2041	13,142,000	11,858,000	-	-	25,000,000
2042	12,636,250	12,363,750	-	-	25,000,000
2043	12,167,750	12,832,250	-	-	25,000,000
2044	11,737,750	13,262,250	-	-	25,000,000
2045	11,290,500	13,709,500	-	-	25,000,000
2046	10,909,750	14,090,250	-	-	25,000,000
2047	10,511,750	14,488,250	-	-	25,000,000
2048	10,124,250	14,875,750	-	-	25,000,000
2049	9,775,000	15,225,000	-	-	25,000,000

⁽¹⁾ Net of Interest Subsidy Payments with sequestration at the current percentage assumed.

⁽²⁾ Debt service amounts for each Fiscal Year reflect payments due on the following July 1.

⁽³⁾ Any State Appropriated Revenues remaining after payment of debt service on the Bonds 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 \$25,000,000 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 Triangle Expressway System. Such transferred funds are the "Revenues" from which debt service on the Series 2019 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.

Priority of Series 2019 Bonds

Under the terms of the Trust Agreement, the Authority is obligated to pay principal and interest on the Series 2009B Bonds, the Series 2018A Bonds and the Series 2018B Bond prior to making any payment with respect to the Series 2019 Bonds. So long as principal and interest on the Series 2009B Bonds, the Series 2018A Bonds and the Series 2018B Bond are timely paid, there will be sufficient Revenues to pay principal and interest on the Series 2019 Bonds. If for any reason, including a reduction or elimination by the North Carolina General Assembly of the appropriation from the HTF to the Authority for the Triangle Expressway System, the principal and interest on the Series 2009B Bonds, the Series 2018A Bonds or the Series 2018B Bond are not paid when due, no principal or interest or Accreted Amount with respect to the Series 2019 Bonds will be paid until the unpaid amount on such bonds are paid in full.

Limitation and Enforceability of Remedies

The remedies available to Owners of the Series 2019 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 2019 Bonds. See Appendix A – "Definitions of Certain Terms and Summary of the Trust Agreement – The Trust Agreement – Remedies."

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 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 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 Bonds that will have become due and payable in the order of their due dates. As a result, following and event of Default, payment of Accreted Amounts with respect to the Series 2019 Bonds will not be paid until after all of the interest and principal with respect to the Series 2009B Bonds, the Series 2018A Bonds and the Series 2018B Bond have been paid, since such principal and interest is, by their respective terms, due prior to the date principal and interest are due on the Series 2019 Bonds. See Appendix A – "Definitions of Certain Terms and Summary of the Trust Agreement – The Trust Agreement – Pro Rata Application of Funds."

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 2019 Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Series 2019 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.

CONTINUING DISCLOSURE

In the Third Supplemental Trust Agreement, the Authority will undertake, for the benefit of the beneficial owners of the Series 2019 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, 2020, 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, 2020, 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 2019 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"
- "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 2019 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 2019 Bonds; a Notice of Proposed Issues on IRS Form 5701-TEB with respect to the Series 2019 Bonds; adverse tax opinions, material notices or determinations with respect to the tax status of the Series 2019 Bonds; or other event affecting the tax status of the Series 2019 Bonds;
 - (vi) defeasances;
 - (vii) rating changes;
 - (viii) tender offers; and
 - (ix) bankruptcy, insolvency, receivership or similar proceeding by the Authority;
- (d) within ten (10) Business Days following the occurrence of an event, notice of any of the following events with respect to the Series 2019 Bonds, if material:
- (i) non-payment related defaults;
 - (ii) modification to the rights of the beneficial owners of the Series 2019 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 2019 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 \$25 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 \$25 million in State Appropriated Revenues in any Bond Year;
 - (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
 - (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.

(e) In a timely manner, 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.

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 2019 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 2019 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 any such modification will be done in a manner consistent with Rule 15c2-12 issued under the Securities Exchange Act of 1934, as it may be amended from time to time ("Rule 15c2-12"), and provided further 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 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 2019 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 2019 Bonds 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 2019 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. Although audited financial statements of the State were otherwise publicly available, the Authority did not link the audited financial statements of the State to certain of its issues for the Fiscal Years ended June 30, 2014 and 2015, as required under certain of its prior undertakings, and did not file a notice of failure to file such audited financial statements of the State. In addition, the Authority was approximately 20 days late in filing such audited financial statements of the State under the requisite CUSIP numbers for the Fiscal Year ended June 30, 2016. For the Fiscal Years ended June 30, 2014 and 2015, the Authority failed to file certain required operating data with respect to its outstanding bonds for the Triangle Expressway System, and did not file a notice of failure to file such operating

data. For the Fiscal Years ended June 30, 2016 and 2017, the Authority failed to file certain required operating data with respect to the 2009 State Appropriation Bonds. The Authority has made notice filings with EMMA with respect to such failures to file and has filed the missing audited financial statements of the State and the missing operating data for each applicable Fiscal Year. 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 2019 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 2019 Bonds or the Fourth Supplemental Trust Agreement 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

Hunton Andrews Kurth LLP is serving as Bond Counsel in connection with the issuance of the Series 2019 Bonds. Hunton Andrews Kurth LLP also represents the Trustee and the Underwriters and their affiliates in unrelated matters. McGuireWoods LLP is serving as counsel to the Underwriters in connection with the issuance of the Series 2019 Bonds, and also represents the Trustee and the Underwriters and their affiliates in unrelated matters. In addition, McGuireWoods LLP has been approved as one of the firms that is eligible to provide bond counsel services on other bond issues of the Authority, and may advise the Authority from time to time with respect to such issues.

LEGAL MATTERS

Legal matters related to the authorization, execution, sale and delivery of the Series 2019 Bonds are subject to the approval of Hunton Andrews Kurth LLP, 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 2019 Bonds and to the tax status of interest thereon, as described in the section “TAX TREATMENT.” Bond Counsel has not been engaged to investigate the financial resources of the Authority or its ability to provide for payment of the Series 2019 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 2019 Bonds.

Certain legal matters will be passed upon for the Authority by Ebony Pittman, Esq., an Assistant Attorney General for the State, and for the Underwriters by McGuireWoods LLP, Raleigh, North Carolina, counsel to the Underwriters.

TAX TREATMENT

Opinion of Bond Counsel

In the opinion of Bond Counsel under current law, interest on the Series 2019 Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference, and (c) is exempt from all income taxes in the State. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Series 2019 Bonds.

Bond Counsel's opinion with respect to the Series 2019 Bonds will be given in reliance upon certifications by representatives of the Authority as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel's opinion is subject to the condition that there is compliance subsequent to the issuance of the Series 2019 Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The Authority has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2019 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2019 Bonds. Failure by the Authority to comply with such covenants, among other things, could cause interest on the Series 2019 Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*", 63 Bus. Law. 1277 (2008)" and "*Legal Opinion Principles*", 53 Bus. Law. 831 (May 1998). Purchasers of the Series 2019 Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Series 2019 Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Other Matters

In addition to the matters addressed above, prospective purchasers of the Series 2019 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 financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2019 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Series 2019 Bonds should consult their own tax advisors as to the status of interest on the Series 2019 Bonds under the tax laws of any state other than North Carolina.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Series 2019 Bonds, under current Service procedures, the Service will treat the Authority as the taxpayer and the owners of the Series 2019 Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Series 2019 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2019 Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Series 2019 Bonds who purchase Series 2019 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither Series 2018 Bond Counsel's opinion nor this Official

Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Series 2019 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2019 Bonds.

LEGALITY FOR INVESTMENT

Section 159-140 of the General Statutes of North Carolina provides that the Series 2019 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 2019 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

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has given the Series 2019 Bonds the rating of "AA+" (stable outlook). Fitch Ratings ("Fitch") has given the Series 2019 Bonds the rating of "AA+" (stable outlook). Moody's Investors Service ("Moody's") has given the Series 2019 Bonds the rating of "Aa1" (stable outlook).

Further explanation of the significance of such ratings may be obtained from S&P, Fitch and Moody's. The Authority has provided to S&P, 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 2019 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 S&P, Fitch or Moody's. Such action may have an adverse effect on the market price of the Series 2019 Bonds. Neither the Authority, the LGC nor the Underwriters have undertaken any responsibility after the issuance of the Series 2019 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 2019 Bonds, if any of the Series 2019 Bonds are to be purchased, at a purchase price equal to 100% of the principal amount thereof, less an underwriters' discount of \$302,288.93. The obligation of the Underwriters to pay for the Series 2019 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 2019 Bonds to certain dealers (including dealers depositing the Series 2019 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.

J.P. Morgan Securities LLC (“JPMS”), one of the Underwriters of the Series 2019 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 2019 Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Series 2019 Bonds that such firm sells.

BofA Securities, Inc., an underwriter of the Series 2019 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 2019 Bonds.

Citigroup Global Markets Inc., an underwriter of the Series 2019 Bonds, has entered into a retail distribution agreement with Fidelity Capital Markets, a division of National Financial Services LLC (together with its affiliates, “Fidelity”). Under this distribution agreement, Citigroup Global Markets Inc. may distribute municipal securities to retail investors at the original issue price through Fidelity. As part of this arrangement, Citigroup Global Markets Inc. will compensate Fidelity for its selling efforts.

Wells Fargo Securities is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Products 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 Products Group (“WFBNA”), one of the underwriters of the Series 2019 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 2019 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 2019 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 2019 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.

Wells Fargo Bank, National Association is serving as an underwriter, Trustee and Bond Registrar for the Series 2019 Bonds and will be compensated separately for serving in each capacity.

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 2019 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/ Greg C. Gaskins
Secretary

NORTH CAROLINA TURNPIKE AUTHORITY

By: /s/ James H. Trogdon, III
Chairman

APPENDIX A

DEFINITIONS OF CERTAIN TERMS AND SUMMARY OF THE TRUST AGREEMENT

DEFINITIONS

In addition to the defined terms set forth in the Official Statement to which this Appendix A is attached, the following is a summary of certain definitions set forth in the Trust Agreement and used in this Official Statement. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Trust Agreement.

“Accreted Amount” means the amounts shown on the table attached as Appendix D to the Official Statement for the Series 2019 Bonds for the dates shown on the table and, for any other date, the amount, as determined conclusively by the Trustee, calculated by interpolating, using a straightline method for the actual number of calendar days, between the amounts shown on such table for the two dates nearest to the date of determination.

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

“Additional Bonds” means bonds of the Authority issued pursuant to requirements of the Trust Agreement secured in parity with outstanding Bonds.

“Authority” means the North Carolina Turnpike Authority created by the Act and any successor thereto.

“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 the 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 2009B Bonds, the Series 2018A Bonds, the Series 2018B Bond, the Series 2019 Bonds and any Additional Bonds issued under and pursuant to the Trust Agreement.

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

“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. The Authority elected to treat the Series 2009B Bonds as Build America Bonds.

“Capitalized Interest Account” means the account in the Debt Service Fund created and so designated by the Trust Agreement.

“Chief Financial Officer” means the person appointed or employed by the Authority to perform the duties imposed on the Chief Financial Officer by the Trust Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Cost,” as applied to the Triangle Expressway System, means, without intending thereby to limit or restrict any proper definition of such word under the provisions of the Act or the Trust Agreement, all items of cost which are set forth in the Trust Agreement.

“Debt Service Fund” means the fund created and designated the North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Debt Service Fund by the Trust Agreement.

“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.

“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 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.

“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 will 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, will 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 will mean the State and North Carolina local government bond issuers, and, to the extent permitted by law, states other than the State 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 the Trust Agreement.

“Event of Default” means each of those events of default set forth in the Trust Agreement and described in “THE TRUST AGREEMENT – Events of Default” below.

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement dated as of May 1, 2018, between the Authority and Wells Fargo Bank, N.A., as trustee.

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

“General Revenue Bond Trust Agreement” means the Amended and Restated Trust Agreement, dated as of December 1, 2019, between the Authority and Wells Fargo Bank, N.A., as trustee, pursuant to which the Authority has issued toll revenue bonds for the purpose of paying costs of the Triangle Expressway System not funded with proceeds of the Bonds.

“General Revenue Bond Trust Agreement Revenue Fund” means the Revenue Fund created under the General Revenue Bond Trust Agreement.

“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.

“Interest Account” means the account in the Debt Service Fund created and so designated by the Trust Agreement.

“Interest Payment Date” means, with respect to the Series 2019 Bonds, the maturity date thereof.

“Interest Subsidy Payment” means, with respect to any Build America Bond, payments provided directly from the Treasury Secretary in an amount equal to 35% 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.

“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 will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “Moody’s” will be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

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

“Outstanding” when used with reference to Bonds means, as of a particular date, all Bonds theretofore authenticated and delivered under the 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 the redemption provisions set forth in the Trust Agreement;

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under the Trust Agreement; and

(d) Bonds deemed to have been paid in accordance with the Trust Agreement and described under “THE TRUST AGREEMENT – Defeasance” below.

“Owner” means a Person in whose name a Bond is registered in the registration books provided for in the Trust Agreement.

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

“Principal Account” means the account in the Debt Service Fund created and so designated by the Trust Agreement.

“Principal Payment Date” means any date established under the Trust Agreement for the payment of principal of Bonds, whether at maturity pursuant to the Trust Agreement or pursuant to Sinking Fund Requirements or otherwise.

“Project Fund” means the fund created and designated the North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Project Fund by the Trust Agreement.

“Redemption Account” means the account in the Debt Service Fund created and so designated by the Trust Agreement.

“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; provided that, with respect to the Series 2019 Bonds, “Redemption Price” means 100% of the Accreted Amount of such Series 2019 Bonds to be redeemed.

“Reserve Fund” means the fund created and designated the North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Reserve Fund by the Trust Agreement. The Reserve Fund secures only Build America Bonds issued under the Trust Agreement.

“Revenue Fund” means the fund created and designated the North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Revenue Fund by the Trust Agreement.

“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 will be dissolved or liquidated or will no longer perform the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency designated by the Authority by notice to the Trustee.

“Second Supplemental Trust Agreement” means the Second Supplemental Trust Agreement dated as of December 1, 2018, between the Authority and Wells Fargo Bank, N.A., as 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 will 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 will 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 in the Trust Agreement with respect to Bonds, means all of the Bonds designated as being of the same series.

“Series 2009B Bonds” means the Authority’s Triangle Expressway System State Appropriation Revenue Bonds, Series 2009B (Federally Taxable — Issuer Subsidy — Build America Bonds) (the “Series 2009B Bonds”) issued in the original aggregate principal amount of \$352,675,000.

“Series 2018A Bonds” means the Authority’s Triangle Expressway System Appropriation Revenue Refunding Bonds, Series 2018 issued in the original aggregate principal amount of \$150,125,000.

“Series 2018B Bond” means the Authority’s Triangle Expressway System Appropriation Revenue Refunding Bond, Series 2018 issued in the original aggregate principal amount of \$161,759,000.

“Series 2019 Bonds” means the Authority’s Triangle Expressway System Appropriation Revenue Bonds, Series 2019 (Capital Appreciation Bonds) issued in the original aggregate principal amount of \$115,979,250.

“Series 2019 Bonds Cost of Issuance Fund” means the fund created and so designated by the Third Supplemental Trust Agreement.

“Series 2019 Bonds Subaccount of the Interest Account” means the subaccount created and so designated by the Third Supplemental Trust Agreement.

“Series 2019 Bonds Subaccount of the Principal Account” means the subaccount created and so designated by the Third Supplemental Trust Agreement.

“Series 2019 Bonds Subaccount of the Redemption Account” means the subaccount created and so designated by the Third Supplemental Trust Agreement.

“Series 2019 Project” means the land acquisition, design, construction and equipping of an extension of the existing Triangle Expressway System from its existing eastern termination point to intersect with I-40.

“State” means the State of North Carolina.

“State Appropriated Revenues” means any funds appropriated by the State 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 Triangle Expressway System or to fund debt service reserves, operating reserves or similar reserves. The State Appropriated Revenues are in the annual amount of \$25,000,000 pursuant to G.S. 136-176.

“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 the Trust Agreement prior to the issuance of any such Series.

“Third Supplemental Trust Agreement” means the Third Supplemental Trust Agreement to be dated as of December 1, 2019, between the Authority and Wells Fargo Bank, N.A., as trustee.

“Triangle Expressway System” means the 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, as it may be adjusted pursuant to the General Revenue Bond Trust Agreement, and, upon its completion, will include Complete 540 – Phase 1, and, if completed, Complete 540 – Phase 2.

“Trust Agreement” means the Trust Agreement, dated as of July 1, 2009, between the Authority and the Trustee, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, and any other supplements and amendments thereto permitted thereby; provided, however, that the Trust Agreement will 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 the Trust Agreement and described in “THE TRUST AGREEMENT – Supplemental Trust Agreements” below.

“Trust Estate” means (i) all Revenues (subject to the release provisions set forth in the Trust Agreement); (ii) all money and securities held by or on behalf of the Trustee in the Project Fund (to the extent provided in the Trust Agreement), the Revenue Fund and the Debt Service Fund established pursuant to the Trust Agreement, and (iii) solely with respect to Build America Bonds, all money and securities held by or on behalf of the Trustee in the Reserve Fund.

“Trustee” means the Trustee serving as such under the Trust Agreement, whether original or successor.

THE TRUST AGREEMENT

Establishment of Funds

There are established under the Trust Agreement the following funds and accounts:

(a) North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Revenue Fund;

(b) North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Debt Service Fund, in which there are established five special accounts to be known as the Capitalized Interest Account, the Interest Account, the Principal Account, the Sinking Fund Account and the Redemption Account;

(c) North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Reserve Fund, which will be for the sole benefit of the owners of Build America Bonds; and

(d) North Carolina Turnpike Authority Triangle Expressway System State Appropriation Revenue Bonds Project Fund

The Project Fund, the Revenue Fund, the Debt Service Fund and the Reserve Fund have been established with and held by the Trustee. The money in all of the funds, accounts and subaccounts established pursuant to the Trust Agreement will be held in trust and applied as provided in the Trust Agreement and, pending such application, the money in the Debt Service Fund and any accounts and subaccounts therein will be subject to a pledge, charge and lien in favor of the Owners of the Bonds issued and Outstanding under the Trust Agreement and for the further security of such Owners, except as otherwise provided therein. The money in the Reserve Fund and any accounts therein will be subject to a pledge, charge and lien in favor of the Owners of the Build America Bonds issued and Outstanding under the Trust Agreement, except as otherwise provided therein. The proceeds of the Series 2019 Bonds will be deposited by the Trustee in the Project Fund and used for payment of Costs of the Series 2019 Project.

State Appropriated Revenues and Interest Subsidy Payments are required to be deposited to the Revenue Fund. Immediately upon each receipt of State Appropriated Revenues and Interest Subsidy Payments, the Trustee shall 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, and amounts in the Capitalized Interest Account available to pay such interest, will be equal to the amount of interest payable on the 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 of principal payable on the Bonds on the next Principal Payment Date, or the entire amount of the Revenues if less than the amount required payable on the next Principal Payment Date; and

(c) except otherwise provided in the Trust Agreement, the balance, following the transfers described in (a) and (b), shall be transferred from the Revenue Fund to the General Revenue Bond Trust Agreement Revenue Fund.

Upon the transfer described in (c), the amounts so transferred shall be transferred free and clear of the lien on and pledge of the Revenues created under the Trust Agreement and such lien and pledge shall thereafter be of no force and effect upon the deposit of such amounts in the General Revenue Bond Trust Agreement Revenue Fund.

Application of Money in Interest Accounts

Not later than 10:00 A.M. on each Interest Payment Date, date for the payment of Defaulted Interest or date upon which Bonds are to be redeemed, the Trustee will withdraw from the Interest Account and wire transfer to the Bond Registrar, 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 will 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 the Trust Agreement, 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 will notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency.

Application of Money in Principal Account

Not later than 10:00 A.M. on each Principal Payment Date, the Trustee will withdraw from the Principal Account and wire transfer to the Bond Registrar, 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 will 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 will withdraw such money therefrom and will 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 the Trust Agreement, and (b) otherwise make the deposits required by the Trust Agreement.

If the Authority fails to deposit with the Trustee the amounts required to be deposited in the Principal Account as provided in the Trust Agreement, 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 will notify the Authority of the amount of the deficiency and request the Authority to immediately cure such deficiency.

Application of Money in the Redemption Account

The Trustee will apply money in the Redemption Account for the purchase or redemption of Bonds as follows:

(a) Subject to the provisions of the Trust Agreement described in paragraph (c) below, and if instructed to do so by an Authorized Officer, the Trustee will 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, will 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 will 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 will 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 the Trust Agreement described in paragraph (c) below, the Trustee will call for redemption on a date permitted by the 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 will be called for redemption at any one time unless the Trustee is so instructed by the Authority. The Trustee will 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 will 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 may be applied by the Trustee in each Fiscal Year to the purchase or the redemption of Bonds of any one 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 will be applied to the purchase or redemption of Bonds in the manner provided in the Trust Agreement.

Security

As security for the payment of the Bonds, the Authority grants to the Trustee for the benefit of the Owners of the Bonds, a pledge, charge and lien upon the Trust Estate in parity with all other Appropriation Bonds, provided the Reserve Fund secures only Build America Bonds.

The pledge, charge and lien upon the Trust Estate will be effective and operate immediately, and the Trustee will have the right to collect and receive the Revenues in accordance with the provisions of the Trust Agreement at all times 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 will not inhibit the sale or disposition of any portion of the Triangle Expressway System in accordance with the Trust Agreement and will not impair or restrict the ability of the Authority to invest in securities and other forms of investment, subject to the provisions of the Trust Agreement.

Security for Deposits

Any and all money received by the Authority under the provisions of the Trust Agreement will be deposited as received with the Trustee or one or more other Depositaries as provided in the Trust Agreement, and all money so deposited with the Trustee will be trust funds under the terms thereof, and, to the extent permitted by law in the case of any amounts in the Project Fund, will not be subject to any lien or attachment by any creditor of the Authority.

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

Investment of Money

Money held for the credit of all funds, accounts and subaccounts will be continuously invested and reinvested by the Trustee or the Depositaries, whichever is applicable, in Investment Obligations or held as cash to the extent investment or reinvestment in Investment Obligations is not practicable.

Investment Obligations will 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 subaccounts will be required for the purposes intended.

Notwithstanding the forgoing, no Investment Obligations pertaining to any Series in any fund, account or subaccount will 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 clause, the maturity date of any repurchase agreement will 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 will give to the Trustee or any Depository written directions respecting the investment of any money required to be invested under the Trust Agreement, subject, however, to the provisions of the Trust Agreement, and the Trustee or such Depository will then invest such money as so directed. The Trustee or any Depository 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 the Trust Agreement. Upon receipt of such directions, the Trustee or any Depository will invest, subject to the provisions of the Trust Agreement, such money in accordance with such directions. If no such directions are given, then any uninvested funds will 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 Depository will have no liability for investments made in accordance with this clause.

Investment Obligations acquired with money in or credited to any fund, account or subaccount established under the Trust Agreement will 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 will 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 will be credited to the particular fund, account or subaccount to which such Investment Obligation relates.

The Trustee will 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 will 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 the 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 the Trust Agreement, 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 under the Trust Agreement, the Trustee or any Depository 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 the Trust Agreement may be effectuated on the books and records of the Trustee, the Authority or any Depository without any actual transfer of funds or liquidation of investments. Investment Obligations purchased with consolidated funds will 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.

Payment of Principal, Interest, Premium and Other Amounts

The Authority will 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 in the Trust Agreement 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 under the Trust Agreement for the Bonds and the income from Investment Obligations in such funds, accounts and subaccounts. The Bonds will be secured as provided in the Trust Agreement and described in "THE TRUST AGREEMENT – Security" above. The Bonds will 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 will be payable solely from the Revenues and other income or assets pledged under the Trust Agreement. The Authority will 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 the 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.

Covenant as to Build America Bonds

In the Trust Agreement, the Authority covenants that so long as any Build America Bonds remain Outstanding, it will comply with the procedures and requirements set forth in 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.

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 will not be entitled in case of default under the Trust Agreement to the benefit or security of the Trust Agreement and in such case the Owner of the Bond for which the time for payment of interest was extended will 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 will not have been extended.

Events of Default

Each of the following events is an Event of Default under the Trust Agreement:

- (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) final judgment for the payment of money in excess of \$1,000,000 is rendered against the Triangle Expressway System as a result of the ownership, control or operation of the Triangle Expressway System, 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 will 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

(d) the Authority defaults in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or the 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 30-day period the Authority institutes action reasonably designed to cure such default, no "Event of Default" will be deemed to have occurred upon the expiration of such 30-day period for so long as the Authority pursues such curative action with reasonable diligence.

Remedies

Notwithstanding anything in the Trust Agreement, in no event will 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 the Trust Agreement or otherwise.

Upon the happening and continuance of any Event of Default, 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 will, proceed (subject to the provisions of the Trust Agreement) to protect and enforce its rights and the rights of the Owners of the Bonds under applicable laws and under the 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 in the Trust Agreement or in aid or execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, as the Trustee, being advised by counsel, chosen by the Trustee, will deem most effectual to protect and enforce such rights.

In the enforcement of any remedy under the Trust Agreement, the Trustee will 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 the 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 thereunder 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 the Trust Agreement), and to recover and enforce any judgment or decree against the Authority, but solely as provided therein 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 the 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 will occur and be continuing, then, unless the same will 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 will 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 the Trust Agreement, and to take such action to the extent permitted by law to cause to be remedied any Event of Default which will occur or will 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 will 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 will not, by itself, constitute a separate Event of Default under the Trust Agreement.

Pro Rata Application of Funds

Anything in the 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 the Trust Agreement), whether through the exercise of the remedies provided for in the Trust Agreement or otherwise, will be applied, after payment of the reasonable fees and expenses of the Trustee in exercising its rights and remedies thereunder:

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 will 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 will have become due and payable (other than Bonds deemed to have been paid pursuant to the provisions of the Trust Agreement described in “THE TRUST AGREEMENT — Defeasance” below), 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 will 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 the Trust Agreement.

Whenever money is to be applied by the Trustee pursuant to the provisions of the Trust Agreement, (a) such money will be applied by the Trustee at such times and from time to time as the Trustee in its sole discretion will 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 therein in trust for the proper purpose will constitute proper application by the Trustee and (c) the Trustee will 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 the 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 will fix the date (which will be an Interest Payment Date unless the Trustee will 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 will cease to accrue. The Trustee will give such notice as it may deem appropriate of the fixing of any such date and will 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.

Control of Proceedings; Restrictions Upon Action; Notice of Default

Anything in the Trust Agreement to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of Bonds at any time Outstanding will have the right, subject to the provisions of the Trust Agreement, 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 thereunder, provided that such direction will be in accordance with law and the provisions of the Trust Agreement.

Except as provided in the Trust Agreement, no Owner of Bonds will 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 thereunder or for any other remedy thereunder 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, will have accrued, (c) has afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Trust Agreement 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 will have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Trust Agreement or to any other remedy under the Trust Agreement. Notwithstanding the foregoing provisions of the Trust Agreement 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 will have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of the Trust Agreement or to enforce any right thereunder except in the manner provided, that all proceedings at law or in equity will be instituted, had and maintained in the manner provided in the Trust Agreement 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 the Trust Agreement to the rights and remedies therein provided.

The Trustee will 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 the Trust Agreement that any such Event of Default will have occurred; provided, however that, except upon the happening of an Event of Default described in clauses (a) and (b) of "THE TRUST AGREEMENT – Events of Default" above, the Trustee may withhold such notice to the Owners if in its opinion such withholding is in the interest of such Owners. The Trustee will not be subject to any liability to any such Owner by reason of its failure to mail any such notice.

Concerning the Trustee

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 will perform such duties and only such duties of the Trustee as are specifically set forth in the Trust Agreement. Upon the occurrence and during the continuation of any Event of Default, the Trustee will 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 the Trust Agreement will 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 under the Trust Agreement, and after the curing of any Event of Default that may have occurred:

(i) the duties and obligations of the Trustee will be determined solely by the express provisions of the Trust Agreement, and the Trustee will not be liable except for the performance of such duties and obligations of the Trustee as are specifically set forth in the Trust Agreement, and no implied covenants or obligations will be read into the Trust Agreement against the Trustee and no permissive right of the Trustee under the Trust Agreement will 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 the Trust Agreement, but in the case of any such certificate or opinion by which any provision thereof is specifically required to be furnished to the Trustee, the Trustee will be under a duty to examine the same to determine whether or not on its face it conforms to the requirements of the Trust Agreement; and

(b) at all times, regardless of whether or not any such Event of Default will exist:

(i) the Trustee will not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it will be proved that the Trustee was negligent in ascertaining the pertinent facts, and

(ii) the Trustee will not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of not less than 25% or a majority, as the Trust Agreement will require, in aggregate principal amount of the Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any power conferred upon the Trustee under the Trust Agreement.

None of the provisions contained in the Trust Agreement will 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.

The Trustee will 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 created by the Trust Agreement or in the enforcement of any rights and powers thereunder, until it will 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, will 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 fails to make such reimbursement, the Trustee may reimburse itself from any money in its possession under the provisions of the Trust Agreement and will be entitled to a preference therefor over any Bonds Outstanding.

The Trustee will 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 the Trust Agreement, the Trustee will have no responsibility in respect of the validity or sufficiency of the Trust Agreement, or in respect of the validity of Bonds or the due issuance or execution and delivery thereof. The Trustee will be under no obligation to see that any duties imposed upon the Authority, any Bond Registrar, any consultant, any Depository (other than a Depository in which money will have been deposited by the Trustee under the provisions of the Trust Agreement) or any party other than itself, or any covenants therein contained on the part of any party other than itself to be performed, will be done or performed, and the Trustee will be under no obligation for failure to see that any such duties or covenants are so done or performed.

The Trustee will 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 in the Trust Agreement 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 Depository (other than the Trustee or a Depository in which such money will have been deposited by the Trustee under the provisions of the Trust Agreement). The Trustee will 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 under the Trust Agreement if such application, investment, payment, withdrawal or transfer will be made in accordance with the provisions of the Trust Agreement. The immunities and exemptions from liability of the Trustee under the Trust Agreement will extend to its directors, officers, employees and agents.

Except upon the happening of any Event of Default specified in clauses (a) or (b) described in “THE TRUST AGREEMENT – Events of Default” above, the Trustee will not be obliged to take notice or be deemed to have notice of any Event of Default under the 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.

Subject to the acceptance of appointment by a successor Trustee, the Trustee may resign and thereby become discharged from the trusts created by the Trust Agreement, 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 will take effect immediately upon the appointment of a new Trustee under the Trust Agreement if such new Trustee will be appointed before the time limited by such notice and will then accept the trusts under the Trust Agreement.

Supplemental Trust Agreements

The Authority and the Trustee may, from time to time and at any time, execute and deliver supplemental trust agreements (which supplemental trust agreements will thereafter form a part of the Trust Agreement) as will be substantially consistent with the terms and provisions of the Trust Agreement and, in the opinion of the Trustee, who may rely upon a written opinion of legal counsel, will 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 in the Trust Agreement that may be inconsistent with any other provision therein, to make any other provisions with respect to matters or questions arising under the Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in the 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 the Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

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

(e) to permit the qualification of the 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 the 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.

At least thirty (30) days prior to the execution and delivery of any supplemental trust agreement for any of the purposes set forth above, the Trustee will 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 will briefly set forth in the nature of the proposed supplemental trust agreement and will 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 such notice will not affect the validity of such supplemental trust agreement.

The Owners of not less than a majority in aggregate principal amount of Bonds then Outstanding will have the right, from time to time, anything contained in the 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 the Trust Agreement or in any supplemental trust agreement; provided, however, that nothing therein contained will 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 the 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 the 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. For purposes of clauses (a) through (e) of this paragraph, notwithstanding any provisions in the Trust Agreement to the contrary, a Bond Insurer will not be deemed to be the Owner of the Bonds.

Nothing contained in the Trust Agreement, however, will be construed as making necessary the approval by Owners of Bonds of the execution and delivery of any supplemental trust agreement as authorized in the Trust Agreement. Furthermore, notwithstanding the foregoing provisions, to the extent that the Owners of Bonds are not "affected" by the proposed supplemental trust agreement as provided in the Trust Agreement, the consent of such Owners of not less than a majority in aggregate principal amount of Bonds will 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 above stated, the Trustee will 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 will briefly set forth the nature of the proposed supplemental trust agreement and will 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 will not, however, be subject to any liability to any Owner of Bonds by reason of its failure to cause the notice required by the Trust Agreement to be mailed, and any such failure to cause such notice to be mailed and any such failure will not affect the validity of such supplemental trust agreement when consented to and approved as provided in the Trust Agreement.

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 will refer to the proposed supplemental trust agreement described in such notice and will 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 will 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 by a proposed supplemental trust agreement have consented to and approved the execution and delivery thereof as provided in the Trust Agreement, to the extent permitted by law, no Owner of any Bonds will 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.

Defeasance

When:

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

(b) if the Bonds will not have become due and payable in accordance with their terms, the Trustee or any Bond Registrar will 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 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 will have been given by the Authority to the Trustee; and

(d) sufficient funds will also have been provided or provision made for paying all other obligations payable under the Trust Agreement by the Authority; then and in that case the right, title and interest of the Trustee in the funds, accounts and subaccounts mentioned in the Trust Agreement will 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 the Trust Agreement have been satisfied, the Trustee will release the Trust Agreement and will execute such documents to evidence such release as may be required by such counsel, and the Trustee will turn over to the Authority any surplus in, and all balances remaining in, all funds, accounts and subaccounts other than money held for the redemption or payment of Bonds. Otherwise, the Trust Agreement will be, continue and remain in full force and effect; provided, however, that in the event Defeasance Obligations will be deposited with and held by the Trustee or the Bond Registrar as described above, (i) in addition to the requirements set forth in the Trust Agreement with respect to the redemption of Bonds, the Trustee, within thirty (30) days after such Defeasance Obligations will have been deposited with it, will 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 the Trust Agreement has been released in accordance with the provisions of the Trust Agreement, and (ii) (a) the Trustee will nevertheless retain such rights, powers and privileges under the 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 will retain such rights, powers and privileges under the 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, will not affect the validity of the release of the Trust Agreement.

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

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APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

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December 17, 2019

Board of Directors
North Carolina Turnpike Authority
Raleigh, North Carolina

\$115,979,250
North Carolina Turnpike Authority
Triangle Expressway System Appropriation
Revenue Bonds, Series 2019 (Capital Appreciation Bonds)

Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance by the North Carolina Turnpike Authority (the “Authority”) of its Triangle Expressway System Appropriation Revenue Bonds, Series 2019 (Capital Appreciation Bonds), in the aggregate principal amount of \$115,979,250 (the “Bonds”), to provide funds, together with other available funds, to pay (a) the costs of land acquisition, design, construction and equipping of an extension of the existing toll road facility in Wake and Durham Counties, North Carolina (the “Triangle Expressway System”), from its existing eastern termination point to intersect with I-40 known as Complete 540 – Phase 1 (the “Project”), and (b) the costs incurred in connection with the issuance of the Bonds. Reference is made to the form of the Bonds for additional information concerning their details, payment and redemption provisions and the proceedings pursuant to which they are issued.

The Bonds recite that they are issued under and pursuant to the Constitution and laws of the State of North Carolina (the “State”), including Article 6H (Public Toll Roads and Bridges) of Chapter 136, as amended, of the North Carolina General Statutes (the “NCGS”), and The State and Local Government Revenue Bond Act, Article 5 of Chapter 159, as amended, of the NCGS, a Bond Order of the Authority adopted on October 31, 2019 (the “Bond Order”), authorizing the issuance of the Bonds, and a Trust Agreement dated as of July 1, 2009 (the “Original Trust Agreement”), between the Authority and Wells Fargo Bank, N.A., as trustee (in such capacity, the “Trustee”), as previously supplemented and as further supplemented and amended by a Third Supplemental Trust Agreement dated as of December 1, 2019 (the “Third Supplemental Trust Agreement” and, together with the Original Trust

North Carolina Turnpike Authority
December 17, 2019
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Agreement as previously supplemented, the “Trust Agreement”). All capitalized terms not defined herein are as defined in the Trust Agreement.

The Bonds are special obligations of the Authority secured by a pledge, charge and lien upon the Trust Estate, including Revenues, under the Trust Agreement. Pursuant to the Trust Agreement, “Revenues” consist of (a) any funds appropriated to the Authority by the State 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 Triangle 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 certain funds under the Trust Agreement. The Authority is not obligated to pay the principal of or the interest on the 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 or any political subdivision or agency thereof, including the Authority, is pledged to the payment of the principal of and the interest on the Bonds.

At the time of issuance of the Bonds there will be outstanding certain of the Authority’s Triangle Expressway System State Annual Appropriation Revenue Bonds, Series 2009B (Federally Taxable – Issuer Subsidy – Build America Bonds), Triangle Expressway System Appropriation Revenue Refunding Bonds, Series 2018A, and the Triangle Expressway System Appropriation Revenue Refunding Bond, Series 2018B (in the aggregate, the “Existing Parity Bonds”), which are also secured by a pledge of the Trust Estate on parity with the Bonds. The Trust Agreement also provides for the issuance from time to time of additional bonds secured by a pledge of the Trust Estate on parity with the Bonds and the Existing Parity Bonds.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the Authority, the North Carolina Department of Transportation and the North Carolina Local Government Commission as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”). The Authority has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds, all as set forth in the proceedings and documents relating to the issuance of the Bonds (the “Covenants”).

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Based on the foregoing and in accordance with customary opinion practice, we are of the opinion that:

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the State and constitute valid and legally binding special obligations of the Authority, payable as to principal and interest solely from Revenues. The Bonds do not create or constitute a debt or pledge of the faith and credit of the State or any political subdivision or agency thereof, including the Authority.

2. The Bond Order has been duly adopted by the Authority and the Third Supplemental Trust Agreement has been duly executed and delivered by the Authority. The Third Supplemental Trust Agreement is permitted by the Original Trust Agreement as previously supplemented, and the Trust Agreement, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding agreement of the Authority which assigns and pledges the Trust Estate to the Trustee and is enforceable against the Authority in accordance with its terms.

3. The rights of the holders of the 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, fraudulent conveyance, moratorium and other laws affecting the rights of creditors generally and (b) principles of equity, whether considered at law or in equity.

4. Under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum income tax. The opinion in the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for federal income tax purposes. Failure by the Authority to comply with the Covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue. We express no opinion regarding other federal tax consequences of the ownership of or receipt or accrual of interest on the Bonds.

5. Under current law, interest on the Bonds is exempt from State income taxes.

Our services as bond counsel to the Authority for the Bonds have been limited to rendering the foregoing opinion based on our review of such legal proceedings as we deem necessary to approve the validity of the Bonds and the tax-exempt status of the interest

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thereon. We have not made any investigation concerning the Project, the Revenues or the financial resources of the Authority, and we express no opinion as to the accuracy or completeness of any information, including the Preliminary Official Statement dated November 12, 2019, or the Official Statement dated November 21, 2019, with respect to the Bonds, that may have been relied upon by anyone in making the decision to purchase Bonds.

Very truly yours,

14463/1791/7921

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 2019 Bonds. The Series 2019 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 2018 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 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 issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments 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 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.

Purchases of the Series 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2019 Bonds on DTC’s records. The ownership interest of each actual purchaser of the Series 2019 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 2019 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 2019 Bonds, except in the event that use of the book-entry system for the Series 2019 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2019 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 2019 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 2019 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts the Series 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants are 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 2019 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 2019 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the security documents. For example, Beneficial Owners of the Series 2019 Bonds may wish to ascertain that the nominee holding the Series 2019 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 will be sent to DTC. If less than all the Series 2019 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 such other DTC nominee) will consent or vote with respect to the Series 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC will mail an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy will assign Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2019 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 2019 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 2019 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 2019 Bonds are required to be printed and delivered.

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.

APPENDIX D

TABLE OF ACCRETED VALUES

Date	CAB Bond 01/01/2040 3.03%	CAB Bond 01/01/2041 3.08%	CAB Bond 01/01/2042 3.12%	CAB Bond 01/01/2043 3.15%	CAB Bond 01/01/2044 3.17%	CAB Bond 01/01/2045 3.2%	CAB Bond 01/01/2046 3.21%	CAB Bond 01/01/2047 3.23%	CAB Bond 01/01/2048 3.25%	CAB Bond 01/01/2049 3.26%
12/17/2019	\$2736.85	\$2628.40	\$2527.25	\$2433.55	\$2347.55	\$2258.10	\$2181.95	\$2102.35	\$2024.85	\$1955.00
01/01/2020	2,740.05	2,631.50	2,530.25	2,436.55	2,350.40	2,260.90	2,184.65	2,104.95	2,027.35	1,957.45
07/01/2020	2,781.55	2,672.05	2,569.75	2,474.90	2,387.65	2,297.05	2,219.70	2,138.95	2,060.30	1,989.35
01/01/2021	2,823.70	2,713.20	2,609.85	2,513.90	2,425.50	2,333.80	2,255.35	2,173.50	2,093.80	2,021.80
07/01/2021	2,866.45	2,754.95	2,650.55	2,553.50	2,463.95	2,371.15	2,291.55	2,208.60	2,127.80	2,054.75
01/01/2022	2,909.90	2,797.40	2,691.90	2,593.70	2,503.00	2,409.10	2,328.30	2,244.25	2,162.40	2,088.25
07/01/2022	2,954.00	2,840.50	2,733.90	2,634.55	2,542.70	2,447.65	2,365.70	2,280.50	2,197.55	2,122.30
01/01/2023	2,998.75	2,884.20	2,776.55	2,676.05	2,583.00	2,486.80	2,403.65	2,317.35	2,233.25	2,156.85
07/01/2023	3,044.15	2,928.65	2,819.85	2,718.20	2,623.95	2,526.60	2,442.25	2,354.75	2,269.55	2,192.05
01/01/2024	3,090.30	2,973.75	2,863.85	2,761.00	2,665.50	2,567.00	2,481.45	2,392.80	2,306.40	2,227.75
07/01/2024	3,137.10	3,019.55	2,908.50	2,804.50	2,707.75	2,608.10	2,521.25	2,431.45	2,343.90	2,264.10
01/01/2025	3,184.65	3,066.05	2,953.90	2,848.65	2,750.70	2,649.85	2,561.70	2,470.70	2,382.00	2,301.00
07/01/2025	3,232.90	3,113.25	2,999.95	2,893.50	2,794.30	2,692.25	2,602.85	2,510.60	2,420.70	2,338.50
01/01/2026	3,281.85	3,161.20	3,046.75	2,939.10	2,838.60	2,735.30	2,644.60	2,551.15	2,460.05	2,376.60
07/01/2026	3,331.60	3,209.90	3,094.30	2,985.40	2,883.55	2,779.05	2,687.05	2,592.35	2,500.00	2,415.35
01/01/2027	3,382.05	3,259.30	3,142.60	3,032.40	2,929.30	2,823.55	2,730.20	2,634.25	2,540.65	2,454.70
07/01/2027	3,433.30	3,309.50	3,191.60	3,080.15	2,975.70	2,868.70	2,774.00	2,676.75	2,581.90	2,494.75
01/01/2028	3,485.30	3,360.45	3,241.40	3,128.70	3,022.85	2,914.60	2,818.55	2,720.00	2,623.90	2,535.40
07/01/2028	3,538.10	3,412.25	3,291.95	3,177.95	3,070.80	2,961.25	2,863.75	2,763.95	2,666.50	2,576.70
01/01/2029	3,591.70	3,464.80	3,343.30	3,228.00	3,119.45	3,008.60	2,909.75	2,808.55	2,709.85	2,618.70
07/01/2029	3,646.15	3,518.15	3,395.45	3,278.85	3,168.90	3,056.75	2,956.45	2,853.90	2,753.90	2,661.40
01/01/2030	3,701.35	3,572.30	3,448.45	3,330.50	3,219.15	3,105.65	3,003.90	2,900.00	2,798.65	2,704.80
07/01/2030	3,757.45	3,627.35	3,502.25	3,382.95	3,270.15	3,155.35	3,052.10	2,946.85	2,844.10	2,748.85
01/01/2031	3,814.35	3,683.20	3,556.85	3,436.25	3,322.00	3,205.85	3,101.10	2,994.45	2,890.35	2,793.70
07/01/2031	3,872.15	3,739.90	3,612.35	3,490.35	3,374.65	3,257.15	3,150.85	3,042.80	2,937.30	2,839.20
01/01/2032	3,930.85	3,797.50	3,668.70	3,545.35	3,428.15	3,309.25	3,201.45	3,091.95	2,985.05	2,885.50
07/01/2032	3,990.40	3,856.00	3,725.95	3,601.15	3,482.45	3,362.20	3,252.80	3,141.90	3,033.55	2,932.55
01/01/2033	4,050.85	3,915.35	3,784.05	3,657.90	3,537.65	3,416.00	3,305.00	3,192.60	3,082.85	2,980.35
07/01/2033	4,112.20	3,975.65	3,843.10	3,715.50	3,593.75	3,470.65	3,358.05	3,244.20	3,132.95	3,028.90
01/01/2034	4,174.50	4,036.90	3,903.05	3,774.00	3,650.70	3,526.20	3,411.95	3,296.60	3,183.85	3,078.30
07/01/2034	4,237.75	4,099.05	3,963.95	3,833.45	3,708.55	3,582.60	3,466.75	3,349.80	3,235.60	3,128.45
01/01/2035	4,301.95	4,162.20	4,025.80	3,893.85	3,767.35	3,639.95	3,522.35	3,403.90	3,288.15	3,179.45
07/01/2035	4,367.10	4,226.30	4,088.60	3,955.15	3,827.05	3,698.15	3,578.90	3,458.90	3,341.60	3,231.30
01/01/2036	4,433.30	4,291.35	4,152.35	4,017.45	3,887.70	3,757.35	3,636.35	3,514.75	3,395.90	3,283.95
07/01/2036	4,500.45	4,357.45	4,217.15	4,080.75	3,949.35	3,817.45	3,694.70	3,571.50	3,451.05	3,337.50
01/01/2037	4,568.65	4,424.55	4,282.95	4,145.00	4,011.95	3,878.55	3,754.00	3,629.20	3,507.15	3,391.90
07/01/2037	4,637.85	4,492.70	4,349.75	4,210.30	4,075.50	3,940.60	3,814.25	3,687.80	3,564.15	3,447.15
01/01/2038	4,708.10	4,561.90	4,417.60	4,276.60	4,140.10	4,003.65	3,875.50	3,747.35	3,622.05	3,503.35
07/01/2038	4,779.45	4,632.15	4,486.50	4,343.95	4,205.75	4,067.70	3,937.70	3,807.90	3,680.90	3,560.45
01/01/2039	4,851.85	4,703.50	4,556.50	4,412.40	4,272.40	4,132.80	4,000.90	3,869.40	3,740.75	3,618.50
07/01/2039	4,925.35	4,775.90	4,627.60	4,481.90	4,340.10	4,198.90	4,065.10	3,931.90	3,801.50	3,677.50
01/01/2040	5,000.00	4,849.45	4,699.75	4,552.45	4,408.90	4,266.10	4,130.35	3,995.40	3,863.30	3,737.40
07/01/2040		4,924.15	4,773.10	4,624.15	4,478.80	4,334.35	4,196.65	4,059.90	3,926.10	3,798.35
01/01/2041		5,000.00	4,847.55	4,697.00	4,549.80	4,403.70	4,264.00	4,125.45	3,989.90	3,860.25
07/01/2041			4,923.15	4,771.00	4,621.90	4,474.15	4,332.45	4,192.10	4,054.70	3,923.20
01/01/2042			5,000.00	4,846.10	4,695.15	4,545.75	4,401.95	4,259.80	4,120.60	3,987.15
07/01/2042				4,922.45	4,769.55	4,618.50	4,472.60	4,328.60	4,187.55	4,052.10
01/01/2043				5,000.00	4,845.15	4,692.40	4,544.40	4,398.50	4,255.60	4,118.15
07/01/2043					4,921.95	4,767.45	4,617.35	4,469.55	4,324.75	4,185.30
01/01/2044					5,000.00	4,843.75	4,691.45	4,541.70	4,395.05	4,253.50
07/01/2044						4,921.25	4,766.75	4,615.05	4,466.45	4,322.85
01/01/2045						5,000.00	4,843.25	4,689.60	4,539.05	4,393.30
07/01/2045							4,921.00	4,765.35	4,612.80	4,464.90
01/01/2046							5,000.00	4,842.30	4,687.75	4,537.70
07/01/2046								4,920.50	4,763.95	4,611.65
01/01/2047								5,000.00	4,841.35	4,686.85
07/01/2047									4,920.00	4,763.25
01/01/2048									5,000.00	4,840.90
07/01/2048										4,919.80
01/01/2049										5,000.00

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