



STATE OF NORTH CAROLINA
DEPARTMENT OF TRANSPORTATION

ROY COOPER
GOVERNOR

JAMES H. TROGDON, III
SECRETARY

July 27, 2018

The Honorable Tim Moore, Co-Chairman
The Honorable Phil Berger, Co-Chairman
Joint Legislative Commission on Governmental Operations
North Carolina General Assembly
16 W. Jones Street
Raleigh, NC 27601-1030

The Honorable Kelly E. Hastings, Co-Chairman
The Honorable Frank Iler, Co-Chairman
The Honorable John A. Torbett, Co-Chairman
The Honorable Jim Davis, Co-Chairman
The Honorable Michele D. Presnell, Vice-Chairwoman
Joint Legislative Transportation Oversight Committee
North Carolina General Assembly
16 W. Jones Street
Raleigh, NC 27601-1030

Chairman Michael S. Fox
Vice-Chairwoman Nina Szlosberg-Landis
North Carolina Board of Transportation
1 South Wilmington Street (Delivery)
Raleigh, NC 27601

Dear Honorable Commission Members, Honorable Committee Members and Board Members:

As directed by North Carolina General Statute § 136-89.183, and by way of this correspondence, the North Carolina Turnpike Authority and the North Carolina Department of Transportation are submitting, for your review, the toll rate schedule for the Monroe Expressway project.

On March 28, 2018, the Turnpike Authority Board of Directors adopted the Resolution Approving Proposed Rate Schedule for Opening of Monroe Expressway Toll System, also referred to as the Resolution (Attachment A). The adoption of this rate schedule is in accordance with the Toll Rate Policy, approved by the Authority on September 17, 2008 (Attachment B). As provided in the Resolution, the toll rate schedule was included in the Monroe Expressway Traffic and Toll Revenue Study (the "Study") prepared by CDM Smith, dated November 2016.

Further, the assumptions in the Study were presented to the public in the bond offering documents in January 2017 and the Toll Rate Policy was an essential aspect of the bond marketing. The Authority is now confirming the toll rate schedule for the Monroe Expressway System by this submission to the Board of Transportation, the Joint Legislative Transportation Oversight Committee and the Joint Legislative Commission on Governmental Operations.

Figures detailing the 2018 and 2019 adopted Monroe Expressway toll rate schedule are attached for your review (Attachment C).

Please feel free to contact me at (919) 707-2718 with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Beau Memory', with a long horizontal flourish extending to the right.

Beau Memory
Executive Director
North Carolina Turnpike Authority

cc: Secretary James H. Trogdon III

**RESOLUTION APPROVING PROPOSED RATE SCHEDULE FOR
OPENING OF MONROE EXPRESSWAY TOLL SYSTEM**

WHEREAS, the North Carolina Turnpike Authority (the “*Authority*”) is duly organized and existing under the laws of the State of North Carolina (the “*State*”) within the State Department of Transportation, and is authorized under Article 6H (Turnpike Authority and Toll Projects) of Chapter 136, as amended (the “*Act*”), of the North Carolina General Statutes (the “*NCGS*”), and The State and Local Government Revenue Bond Act, Article 5 of Chapters 159, as amended, of the NCGS (the “*Revenue Bond Act*”), to issue revenue bonds for the purpose of financing and refinancing the cost of acquiring, constructing and equipping “turnpike projects,” as defined in the Act;

WHEREAS, the Secretary of Transportation of the State (the “*Secretary*”), pursuant to NCGS Sections Section 143B-10 and 143B-349, has delegated to the Board of the Authority certain powers including the power to fix, revise, charge, and collect tolls and fees for the use of turnpike projects and the power to issue bonds or notes of the Authority to finance such projects;

WHEREAS, the Authority has financed the costs of the land, easements, rights of way, capital improvements and equipment constituting a turnpike project of the Authority now known as the “Monroe Expressway” and generally consisting of an approximately 19.7 mile roadway extending from US Highway 74 at Interstate 485 in eastern Mecklenburg County, North Carolina, near the Town of Matthews to US Highway 74 near the Town of Marshville in Union County, North Carolina (the “*Project*”);

WHEREAS, the Project is expected to be substantially complete and open for travel within the Authority’s fiscal year beginning July 1, 2018, and it is therefore necessary for the Authority to adopt initial toll rates for the Project so that, among other things, appropriate budgets can be adopted for such fiscal year;

WHEREAS, in the Official Statement posted January 30, 2017, with respect to the most recent financing for the Project, a Traffic and Revenue Report (the “*Report*”) prepared by CDM Smith Inc. as Traffic and Revenue Consultant to the Authority, dated November, 2016, was included as Appendix C; and the Report contained assumed toll rates and tolling zone locations for the Project;

WHEREAS, toll rates for the Project are subject to several restrictions including:

- The Board resolution of May 5, 2016 (following a more general resolution of the Authority adopted on September 17, 2008), on which credit ratings for debt of the Authority relating to the Project were, in part, based, stated the rates adopted would be, subject to some exceptions not initially applicable, at least equal to the projected rates in the traffic and revenue report in the last official statement before opening;
- The Trust Agreement dated as of December 1, 2016, between the Authority and Wells Fargo Bank, N.A., as trustee, which amended and restated a prior revenue

trust agreement with respect to the financing of the Project, includes in Section 704 thereof a rate covenant for the Project with coverage requirements mandating rates be adopted which will produce revenues at certain levels; and

- The Loan Agreement dated as of January 31, 2017, between the Authority and the United States Department of Transportation includes in Section 16 thereof a similar rate covenant containing a provision that rates are required to produce revenues at certain coverage levels, but also includes a specific requirement that the toll rates set for the Project, subject to certain exceptions not initially applicable, will be set at not less than the rates shown in the Report;

WHEREAS, CDM Smith Inc. has prepared a toll rate schedule (the “*Proposed Rates*”) which is attached hereto as Exhibit A;

WHEREAS, PFM Financial Advisors, LLC, as municipal advisor to the Authority, has communicated that the projected revenues conform with the various requirements noted above; and

WHEREAS, the Proposed Rates have been considered by both the Financial Committee and the Operations Committee of the Authority and have been recommended for approval by both committees;

NOW THEREFORE, THE BOARD OF THE NORTH CAROLINA TURNPIKE AUTHORITY HEREBY RESOLVES:

1. The proposed toll rates as set forth in Exhibit A hereto are hereby adopted as the initial toll rate schedule for the Monroe Expressway System.
2. This resolution shall take effect immediately upon its passage.

Adopted March 28, 2018.

Exhibit A

Recommended Monroe Expressway Annual Toll Rates by Tolling Zone Class 1 ETC and BBM

Calendar Year(1)	Zone 1 (2.99 mi.)		Zone 2 (3.97 mi.)		Zone 3 (1.76 mi.)		Zone 4 (3.93 mi.)		Zone 5 (1.38 mi.)		Zone 6 (2.24 mi.)		Zone 7 (1.87 mi.)		Through Trip Toll (Passes through All Zones)	
	ETC	BBM	ETC	BBM	ETC	BBM	ETC	BBM	ETC	BBM	ETC	BBM	ETC	BBM	ETC	BBM
2019	\$ 0.42	\$ 0.65	\$ 0.56	\$ 0.86	\$ 0.25	\$ 0.39	\$ 0.55	\$ 0.85	\$ 0.19	\$ 0.29	\$ 0.31	\$ 0.48	\$ 0.26	\$ 0.40	\$ 2.54	\$ 3.92
2020	0.43	0.66	0.57	0.88	0.26	0.40	0.56	0.87	0.19	0.30	0.32	0.49	0.27	0.41	2.60	4.01
2021	0.44	0.68	0.59	0.90	0.26	0.41	0.58	0.89	0.20	0.30	0.32	0.50	0.27	0.42	2.66	4.10
2022	0.45	0.70	0.60	0.92	0.27	0.42	0.59	0.91	0.20	0.31	0.33	0.51	0.28	0.43	2.72	4.20
2023	0.46	0.71	0.61	0.94	0.27	0.43	0.60	0.93	0.21	0.32	0.34	0.53	0.28	0.44	2.77	4.30
2024	0.47	0.73	0.63	0.96	0.28	0.44	0.62	0.95	0.21	0.32	0.35	0.54	0.29	0.45	2.85	4.39
2025	0.48	0.74	0.64	0.99	0.29	0.45	0.63	0.97	0.22	0.33	0.36	0.55	0.30	0.46	2.92	4.49
2026	0.49	0.76	0.66	1.01	0.29	0.46	0.64	0.99	0.22	0.34	0.36	0.56	0.30	0.47	2.96	4.59
2027	0.50	0.78	0.67	1.03	0.30	0.47	0.66	1.02	0.23	0.35	0.37	0.57	0.31	0.48	3.04	4.70
2028	0.51	0.79	0.68	1.05	0.31	0.48	0.67	1.04	0.23	0.35	0.38	0.59	0.32	0.49	3.10	4.79
2029	0.52	0.81	0.70	1.07	0.31	0.49	0.69	1.06	0.24	0.36	0.39	0.60	0.32	0.50	3.17	4.89
2030	0.53	0.83	0.71	1.09	0.32	0.50	0.70	1.08	0.24	0.37	0.39	0.61	0.33	0.51	3.22	4.99
2031	0.55	0.84	0.73	1.12	0.32	0.51	0.71	1.10	0.25	0.38	0.40	0.62	0.34	0.52	3.30	5.09
2032	0.56	0.86	0.74	1.14	0.33	0.52	0.73	1.13	0.25	0.38	0.41	0.64	0.34	0.53	3.36	5.20
2033	0.57	0.88	0.76	1.16	0.34	0.53	0.74	1.15	0.26	0.39	0.42	0.65	0.35	0.54	3.44	5.30
2034	0.58	0.90	0.77	1.19	0.35	0.54	0.76	1.17	0.26	0.40	0.43	0.66	0.36	0.55	3.51	5.41
2035	0.59	0.92	0.79	1.21	0.35	0.55	0.78	1.20	0.27	0.41	0.44	0.68	0.37	0.56	3.59	5.53
2036	0.60	0.94	0.81	1.24	0.36	0.56	0.79	1.22	0.27	0.42	0.45	0.69	0.37	0.58	3.65	5.65
2037	0.62	0.96	0.82	1.26	0.37	0.57	0.81	1.25	0.28	0.43	0.46	0.71	0.38	0.59	3.74	5.77
2038	0.63	0.98	0.84	1.29	0.38	0.59	0.83	1.28	0.29	0.44	0.47	0.72	0.39	0.60	3.83	5.90
2039	0.64	1.00	0.86	1.32	0.38	0.60	0.84	1.30	0.29	0.44	0.47	0.74	0.40	0.61	3.88	6.01
2040	0.66	1.02	0.88	1.35	0.39	0.61	0.86	1.33	0.30	0.45	0.49	0.75	0.41	0.63	3.99	6.14

1) Assumes toll rates will be increased annually on January 1.

Note:

Class 2 tolls will be two times the Class 1 tolls

Class 3 tolls will be four times the Class 1 tolls

ETC tolls receive a 35 percent discount from the BBM tolls

**POLICY FOR ADOPTING TOLL SCHEDULES AND ADJUSTMENTS TO
TOLL SCHEDULES**

WHEREAS, the North Carolina Turnpike Authority is authorized to fix, revise, charge and collect tolls and fees for the use of turnpike projects pursuant to G.S. § 136-89.183(5);

NOW THEREFORE, the Authority hereby adopts the following policy to guide the Authority in adopting toll schedules and adjustment to toll schedules as follows:

(a) Prior to the time the Authority issues bonds to finance a turnpike project, the Authority will retain the services of a Traffic and Revenue Consultant (a "Traffic Consultant") to forecast the projected traffic for the turnpike project and the toll revenues to be generated from such traffic (a "Final Traffic and Revenue Study"). Such Final Traffic and Revenue Study shall be prepared based upon, among other things, assumptions the Traffic Consultant determines to be reasonable regarding the toll schedule to be used in collecting tolls for use of the turnpike project, together with anticipated increases in such tolls.

(b) On or prior to the date a turnpike project open for service, the Authority will adopt the toll rate schedule for the use of the turnpike project. Such toll schedule may provide for toll rates based upon the factors the Authority determines appropriate, including, but not limited to, the location of the turnpike project for which the toll is collected, the type of vehicles anticipated to use the turnpike project, the method of collection of the toll (electronic, video, cash or other method) and other factors. At the time the initial toll rate schedule for a turnpike project is adopted, the Authority shall file with the Trustee a report of a Traffic Consultant to the effect that, based upon the tolls forecasted to be collected using the toll schedule adopted, the forecasted revenues of such turnpike project are forecasted to be at least at the same levels as those set forth in the Final Traffic and Revenue Study, or if such levels cannot be achieved, that the tolls are established at rates that maximize forecasted revenues..

(c) After a toll rate schedule is adopted, the tolls set forth in the toll rate schedule adopted shall be increased on each January 1 by the same percentage amounts for each year as the toll increases in the assumptions of the Traffic Consultant used in preparing the Final Traffic and Revenue Study.

(d) Notwithstanding the preceding subsection, the Authority may determine that a toll increase otherwise required to go into effect pursuant to (c) shall not go into effect as scheduled if the Authority delivers to the Trustee, prior to the January 1 when the toll increase otherwise would go into effect:

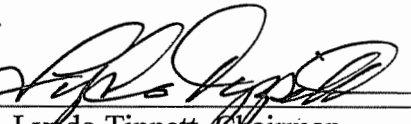
(i) a resolution of the Board, directing that the tolls shall not be increased at all or shall be increased by a lesser amount than assumed in the Final Traffic and Revenue Study;

(ii) an Officer's Certificate certifying that the Authority was in compliance with all the applicable rate covenants set forth in the bond documents for the bonds that financed the turnpike project for the most recent fiscal year; and

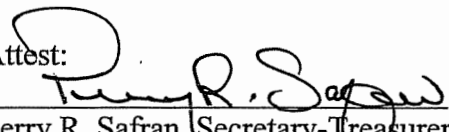
(iii) a report of a Traffic Consultant showing that for each succeeding fiscal year through the final maturity date of all debt incurred for the turnpike project, the forecasted revenues in each such fiscal year would be such that \$1 of additional senior lien indebtedness could be issued by the Authority in compliance with the requirements of the additional debt limitations set forth in the bond documents for such bonds issued to finance the turnpike project.

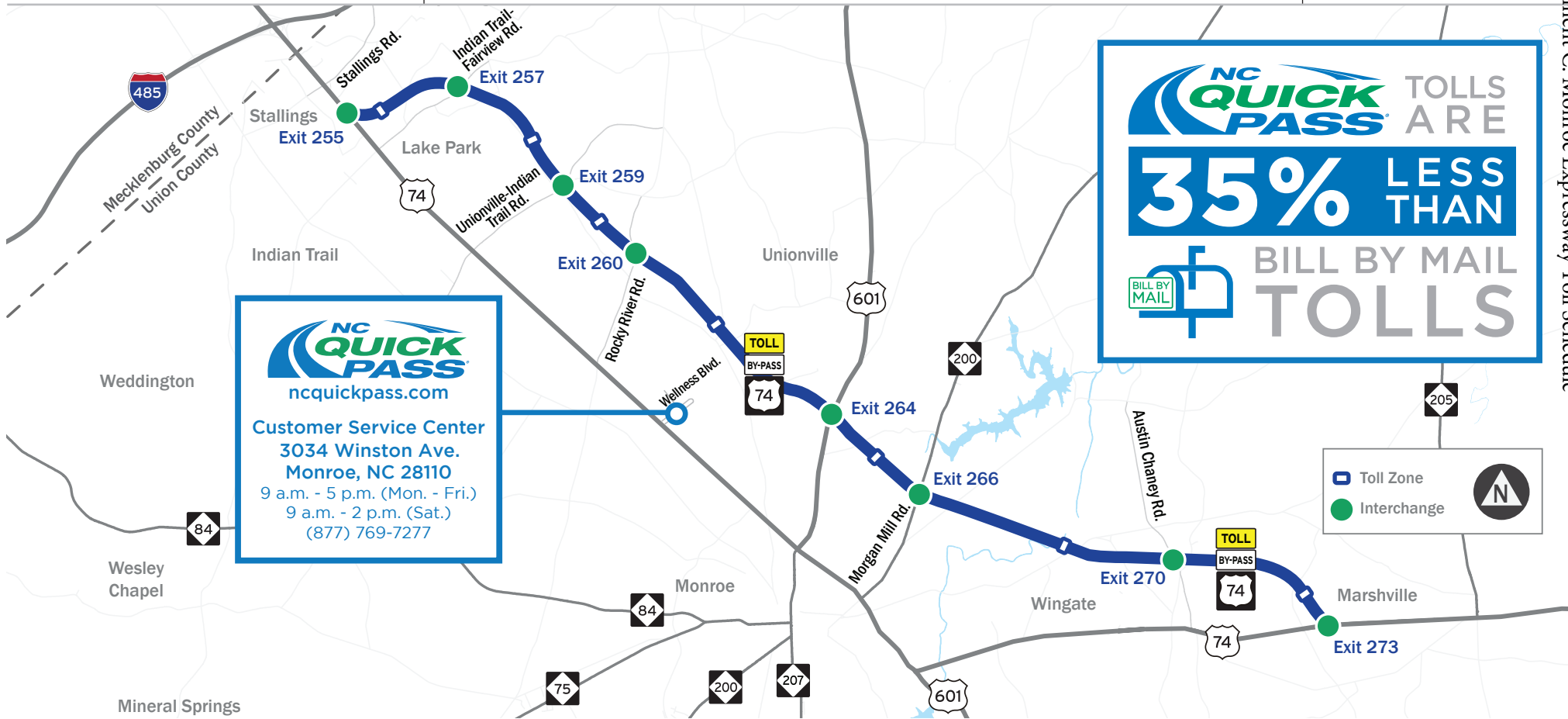
Adopted this the 17th day of September, 2008.

Signed:


Lyndo Tippet, Chairman
North Carolina Turnpike Authority

Attest:


Perry R. Safran, Secretary-Treasurer
North Carolina Turnpike Authority Board



TOLLS AND VEHICLE CLASSIFICATIONS

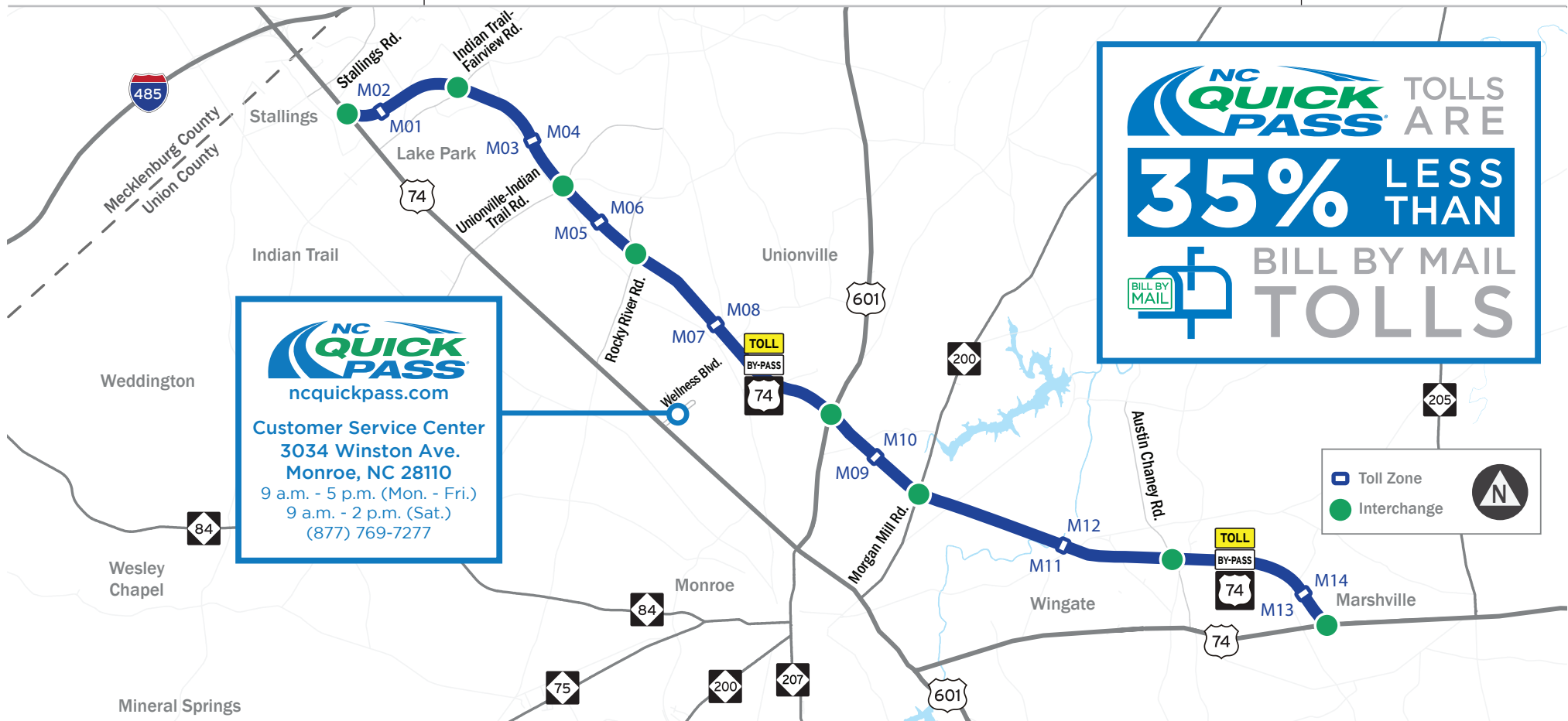
Tolls shown represent a trip from Entry Point to Exit Point for a Class 1 vehicle with an NC Quick Pass account. Tolls shown also apply to E-ZPass, SunPass and Peach Pass account holders.		EXIT POINT							
		Exit 255	Exit 257	Exit 259	Exit 260	Exit 264	Exit 266	Exit 270	Exit 273
ENTRY POINT	Exit 255 - U.S. 74 (West)		\$0.26	\$0.57	\$0.76	\$1.31	\$1.56	\$2.12	\$2.54
	Exit 257 - Indian Trail-Fairview Rd.	\$0.26		\$0.31	\$0.50	\$1.05	\$1.30	\$1.86	\$2.28
	Exit 259 - Unionville-Indian Trail Rd.	\$0.57	\$0.31		\$0.19	\$0.74	\$0.99	\$1.55	\$1.97
	Exit 260 - Rocky River Rd.	\$0.76	\$0.50	\$0.19		\$0.55	\$0.80	\$1.36	\$1.78
	Exit 264 - U.S. 601	\$1.31	\$1.05	\$0.74	\$0.55		\$0.25	\$0.81	\$1.23
	Exit 266 - Morgan Mill Rd.	\$1.56	\$1.30	\$0.99	\$0.80	\$0.25		\$0.56	\$0.98
	Exit 270 - Austin Chaney Rd.	\$2.12	\$1.86	\$1.55	\$1.36	\$0.81	\$0.56		\$0.42
	Exit 273 - U.S. 74 (East)	\$2.54	\$2.28	\$1.97	\$1.78	\$1.23	\$0.98	\$0.42	

VEHICLE CLASSIFICATIONS

Class 1
Tolls shown for 2-AXLE vehicles with an NC Quick Pass account

Class 2
Tolls for vehicles with 3 AXLES are two times (2x) the Class 1 vehicle toll

Class 3
Tolls for vehicles with 4 or more AXLES are four times (4x) the Class 1 vehicle toll



TOLL ZONE DESCRIPTIONS

TOLL ZONE	DESCRIPTIONS
M01	74 BYP EB, U.S. 74 to Indian Trail-Fairview Rd.
M02	74 BYP WB, Indian Trail-Fairview Rd. to U.S. 74
M03	74 BYP EB, Indian Trail-Fairview Rd. to Unionville-Indian Trail Rd.
M04	74 BYP WB, Unionville-Indian Trail Rd. to Indian Trail-Fairview Rd.
M05	74 BYP EB, Unionville-Indian Trail Rd. to Rocky River Rd.
M06	74 BYP WB, Rocky River Rd. to Unionville-Indian Trail Rd.
M07	74 BYP EB, Rocky River Rd. to U.S. 601

TOLL ZONE	DESCRIPTIONS
M08	74 BYP WB, U.S. 601 to Rocky River Rd.
M09	74 BYP EB, U.S. 601 to Morgan Mill Rd.
M10	74 BYP WB, Morgan Mill Rd. to U.S. 601
M11	74 BYP EB, Morgan Mill Rd. to Austin Chaney Rd.
M12	74 BYP WB, Austin Chaney Rd. to Morgan Mill Rd.
M13	74 BYP EB, Austin Chaney Rd. to U.S. 74
M14	74 BYP WB, U.S. 74 to Austin Chaney Rd.