

Preliminary Discussion on Finance Plan Issues

Bi-State Working Group

April 14, 2021

Agenda

- **APRIL MEETING**

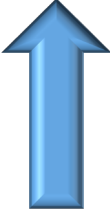
- GENERAL INTRODUCTION TO CONCEPT FINANCE PLAN ASSESSMENT
- KEY RESULTS


- **MAY MEETING**

- MORE DETAILED EXPLANATION OF KEY FACTORS IN CONCEPT FINANCE PLAN
- FOLLOW-UP ON QUESTIONS FROM APRIL MEETING

Funding Plan Evolves during Project Development

Project Development	NEPA Engineering	30% Engineering	60% Engineering	During Construction	Operations
Traffic/Toll Revenue	Level 1 T&R	Level 2 T&R	Investment Grade T&R	Annual Updated T&R	Annual Updated T&R
Governance	Proposed Compact	Implement Compact	Functioning Compact		
Purpose for Financial Plan	Federal Grant Applications	Federal Grant Applications	Federal Grant Applications	Updates for Lenders	Updates for Lenders
	State Legislative Request	State Legislative Request	State Legislative Request	Updates for Grantors	
			Credit Rating		
			TIFIA Loan Application		
			Bond Underwriting		
			FHWA Submittal		


WE ARE HERE


**INVESTMENT-
GRADE HERE**

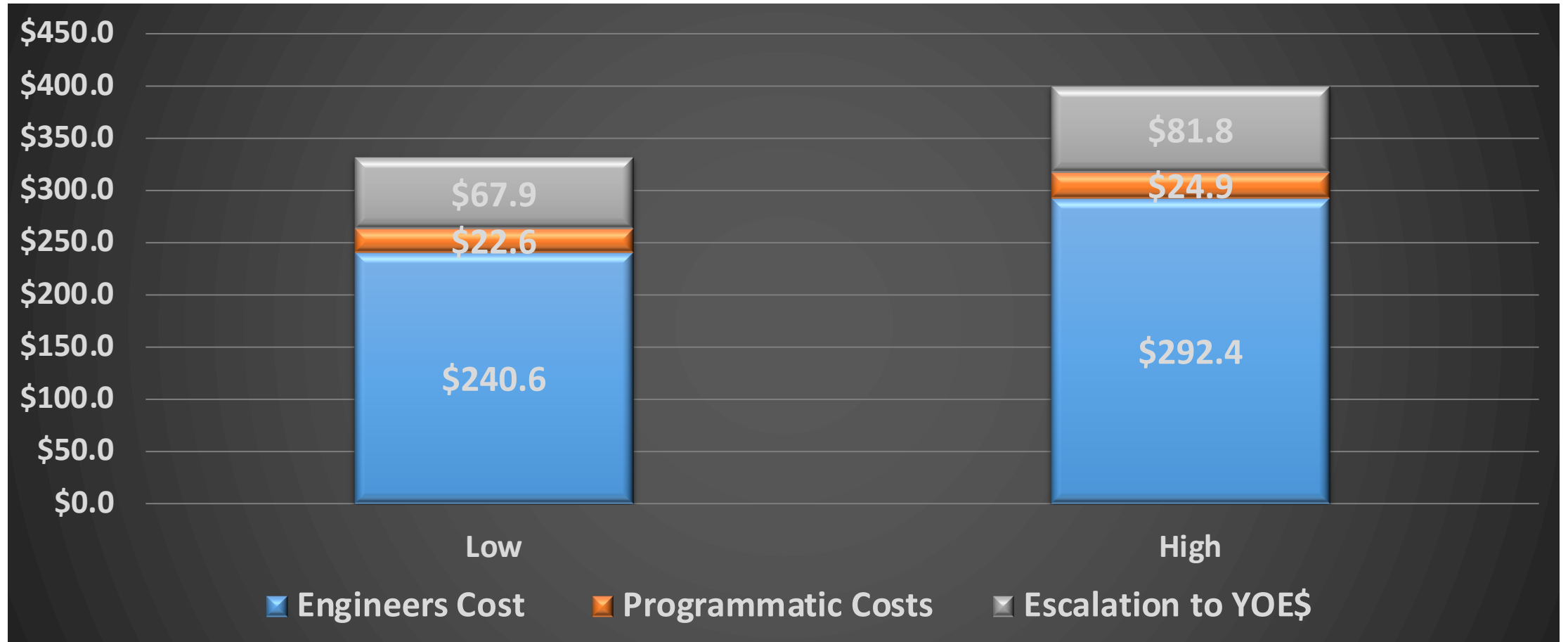
Methodology

- Three Finance Concept Scenarios developed to frame discussion of key finance plan issues; these are NOT recommended finance plans
- Scenarios use same financing structure and assumptions, except:
 - Each Scenario assumes a different amount of Grants
 - The differences in Grant amounts mirrored by differences in the amount of Borrowings (Toll Revenue Bonds + TIFIA)
- For each Scenario: what is the required Toll Rate to meet OPERATING REVENUE REQUIREMENTS for the scenario?
- Focuses on Public Model, P3 Model generally similar

Caveats

- **Reliability of specific numerical results limited due to the early stages of engineering, T&R, and other information**
- **Particularly limited information regarding:**
 - Construction cash flow
 - O&M procedures and costs
 - Amount and timing of grant availability
- **Despite its limitations, the Concept Scenario analysis provides a reasonable basis to start discussions on finance plan issues**

Range of Capital Cost: Scenarios Use "High"



Capital Funding Plan Scenarios

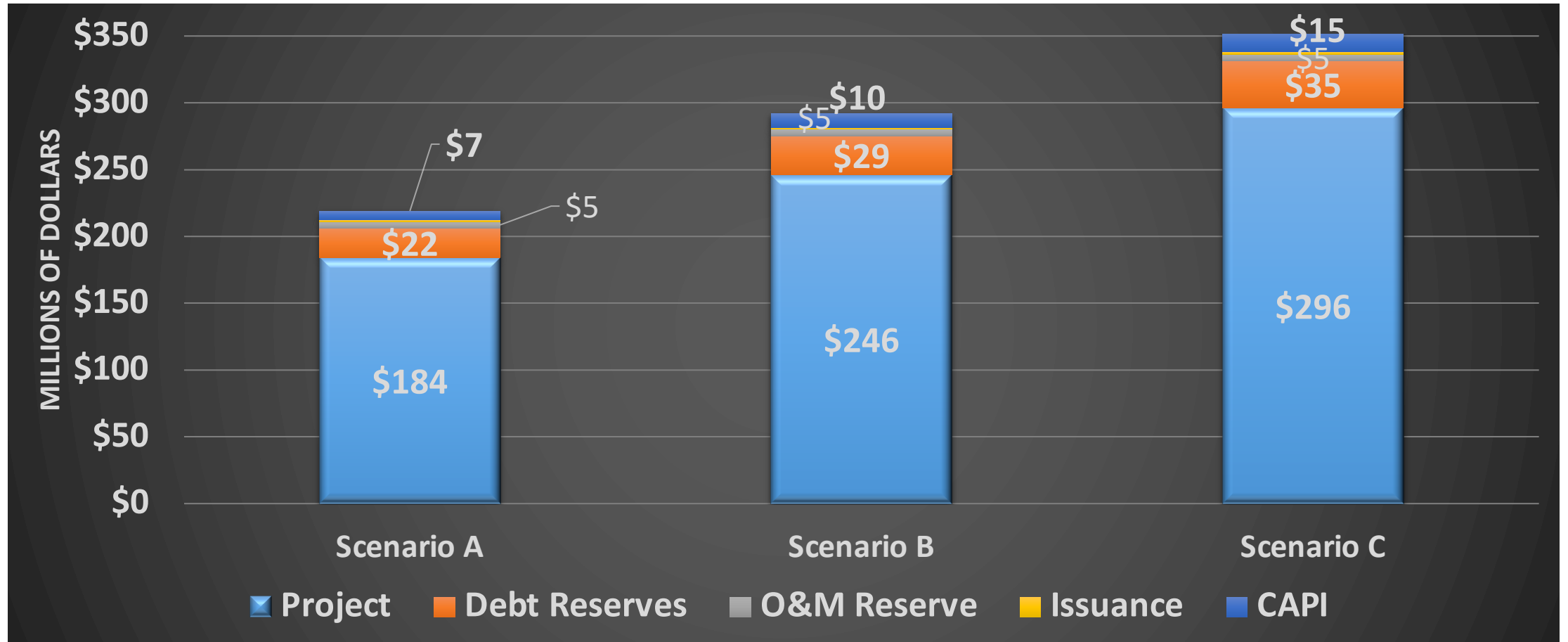
(Millions of Year-of-Expenditure Dollars)

	Scenario A	Scenario B	Scenario C
Build Grant + Local Match	\$6.2	\$6.2	\$6.2
State Grants 2021	\$10.0	\$10.0	\$10.0
Other Federal/State Grants	\$200.0	\$150.0	\$100.0
TIFIA	\$91.3	\$116.0	\$126.7
Toll Revenue Bonds	\$92.5	\$117.8	\$157.1
Total Design/ Construction	\$400.0	\$400.0	\$400.0

Concept Plans driven by Non-Recourse Borrowing Requirements

- Except for capital grants (or P3 equity), Operating Revenue are only funds for design, construction, and O&M of Replacement Bridge
- Borrowings are non-recourse; backed by Net Operating Revenue
- Finance Plan must incorporate protections for lenders, such as:
 - Reserve Requirements
 - Coverage Requirements
 - Flow of Funds Requirements
 - Operational and Administrative Requirements

Size of Borrowings to achieve required Proceeds for Project Development/Construction



Operating Revenue Requirements ("Flow of Funds")

OPERATING REVENUES

<i>PLUS</i>	TOLL COLLECTIONS
<i>PLUS</i>	PAY-BY-PLATE FEES
<i>PLUS</i>	REBILLING FEES
<i>MINUS</i>	UNCOLLECTIBLE (LEAKAGE)
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	OPERATING REVENUES

OPERATING EXPENSES

<i>MINUS</i>	CREDIT CARD FEES
<i>MINUS</i>	TOLL COLLECTION O&M
<i>MINUS</i>	INSURANCE
<i>MINUS</i>	FACILITY O&M
<i>MINUS</i>	MANAGEMENT AND ADMINISTRATION
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	NET OPERATING REVENUE

PRE-DEBT PAYMENT TAKEOUTS

<i>MINUS</i>	REQUIRED RESERVES
<i>MINUS</i>	COVERAGE
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	NET REVENUE AVAILABLE FOR DEBT SERVICE

DEBT SERVICE

<i>MINUS</i>	ANNUAL DEBT SERVICE
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	NET REVENUE AFTER DEBT SERVICE

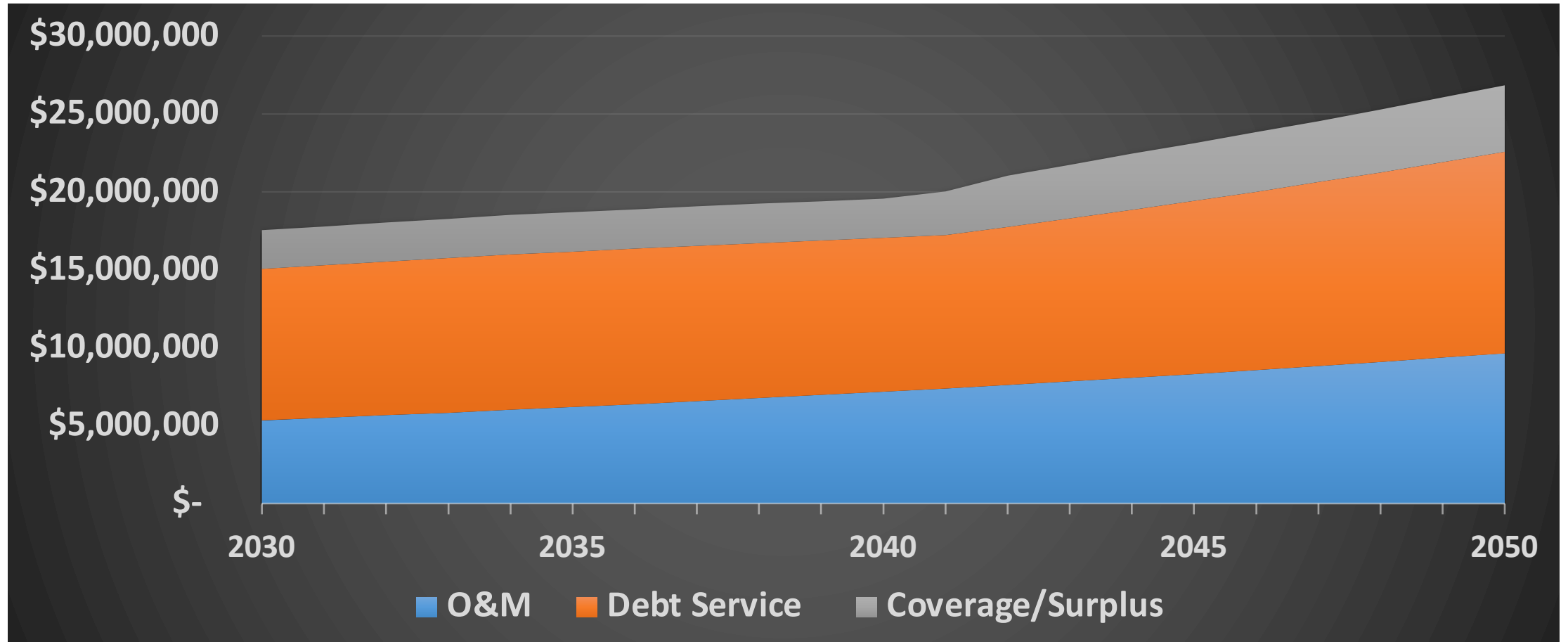
POST-PAYMENT OF DEBT SERVICE

<i>PLUS</i>	COVERAGE
<i>MINUS</i>	OTHER RESERVES
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	SURPLUS

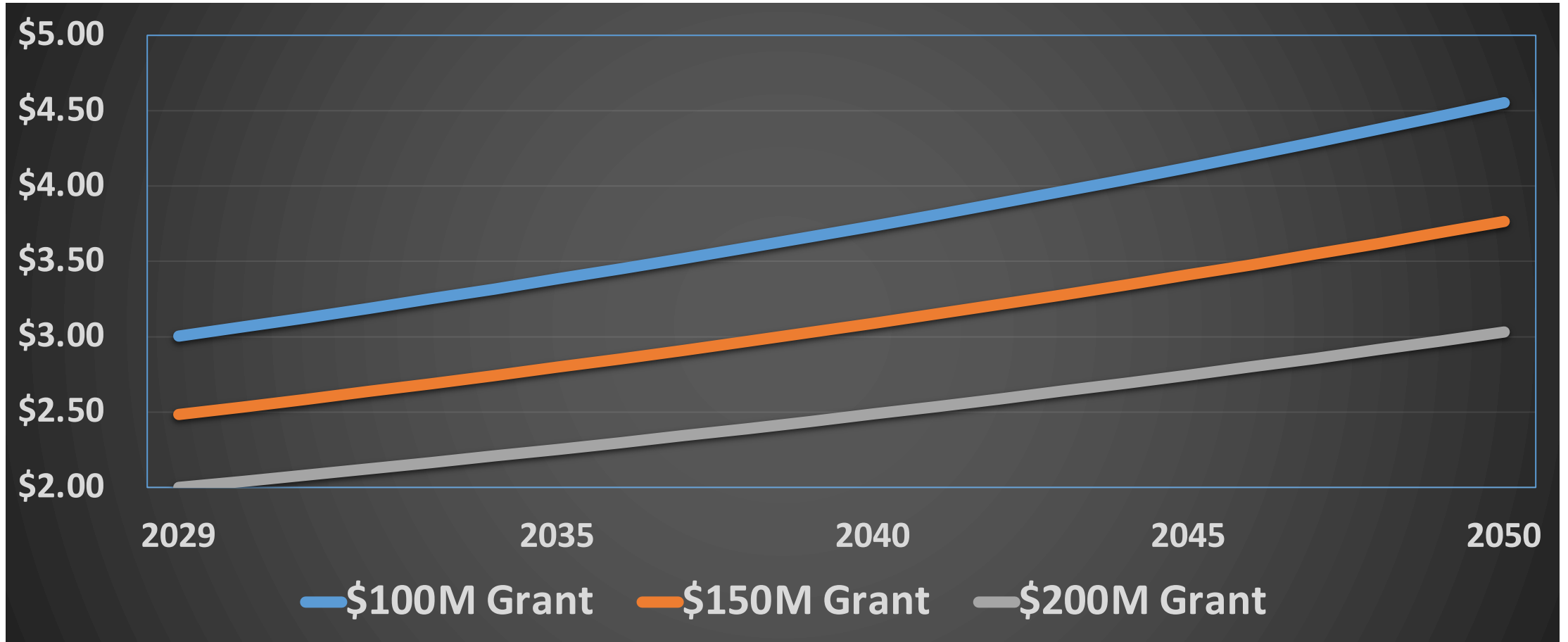
Debt Service Coverage

- **Debt Service Coverage Ratio (DSCR) = Net Revenue Available for Debt Service**
Debt Service (Principal & Interest Payment)
- **DSCR for Sr. Bonds: Assume 2X Sr. Debt Service**
 - \$10M Annual Sr. Debt Service @ 2X Coverage: Net Revenues must \geq \$20M
- **DSCR for Sr. Bonds + TIFIA: Assume 1.25X Total of Sr. Debt Service + TIFIA Debt Service**
 - \$10M Annual Sr. Debt Service and \$10M Annual TIFIA Debt Service @ 1.25X Coverage: Net Revenues must \geq \$25M

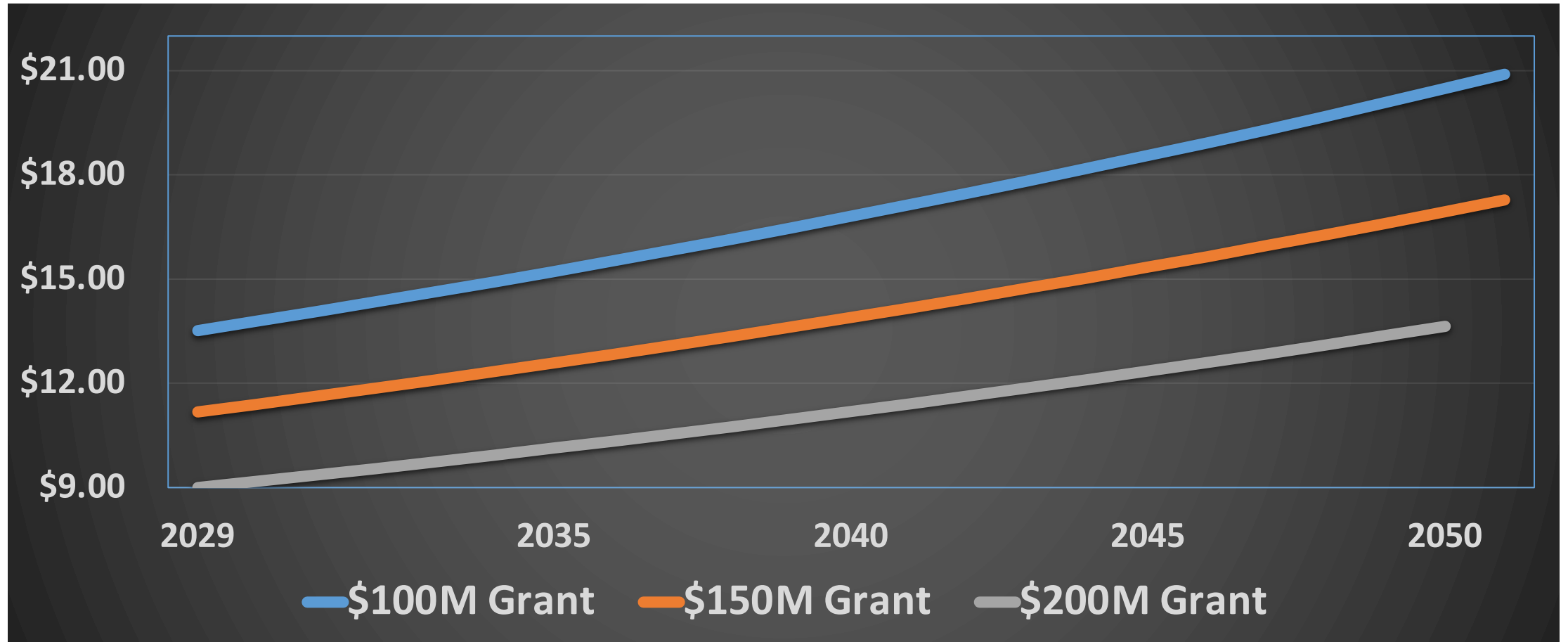
Operating Revenue Requirements



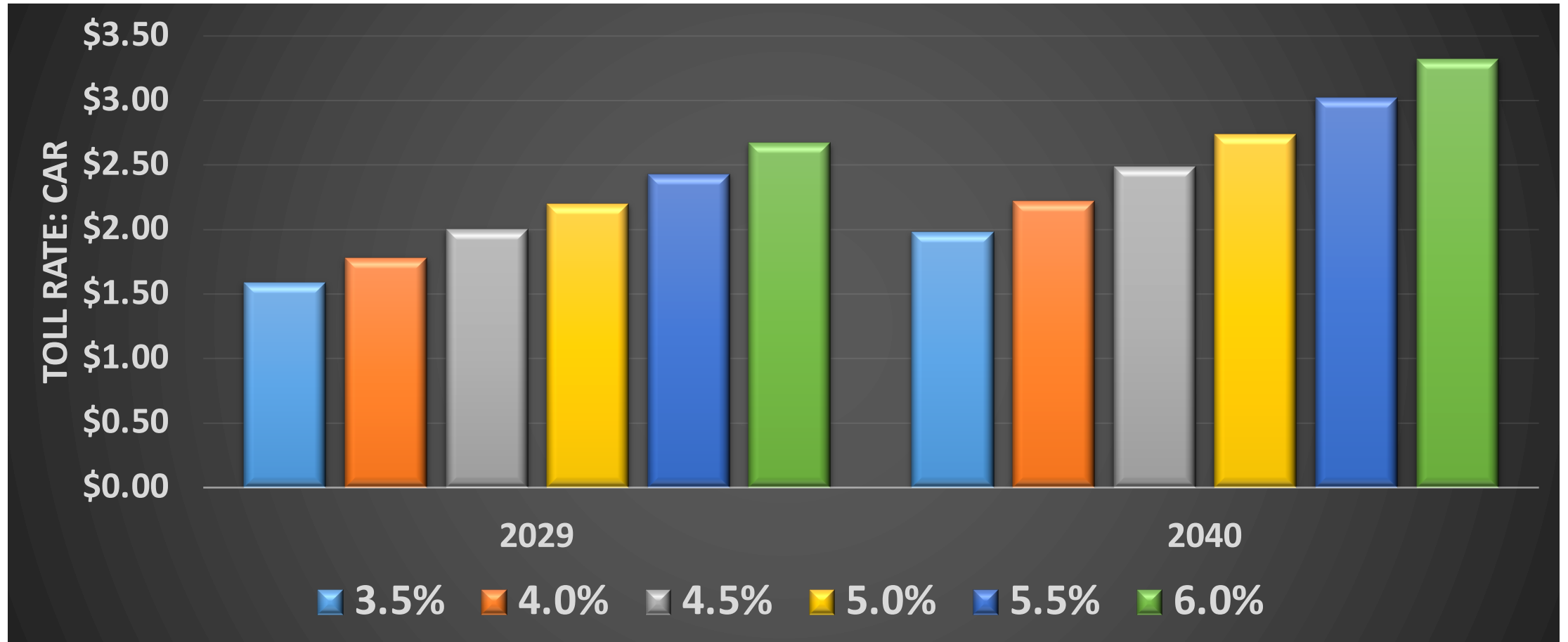
Required Toll Rates for Concept Scenarios: Auto BreezeBy Rate



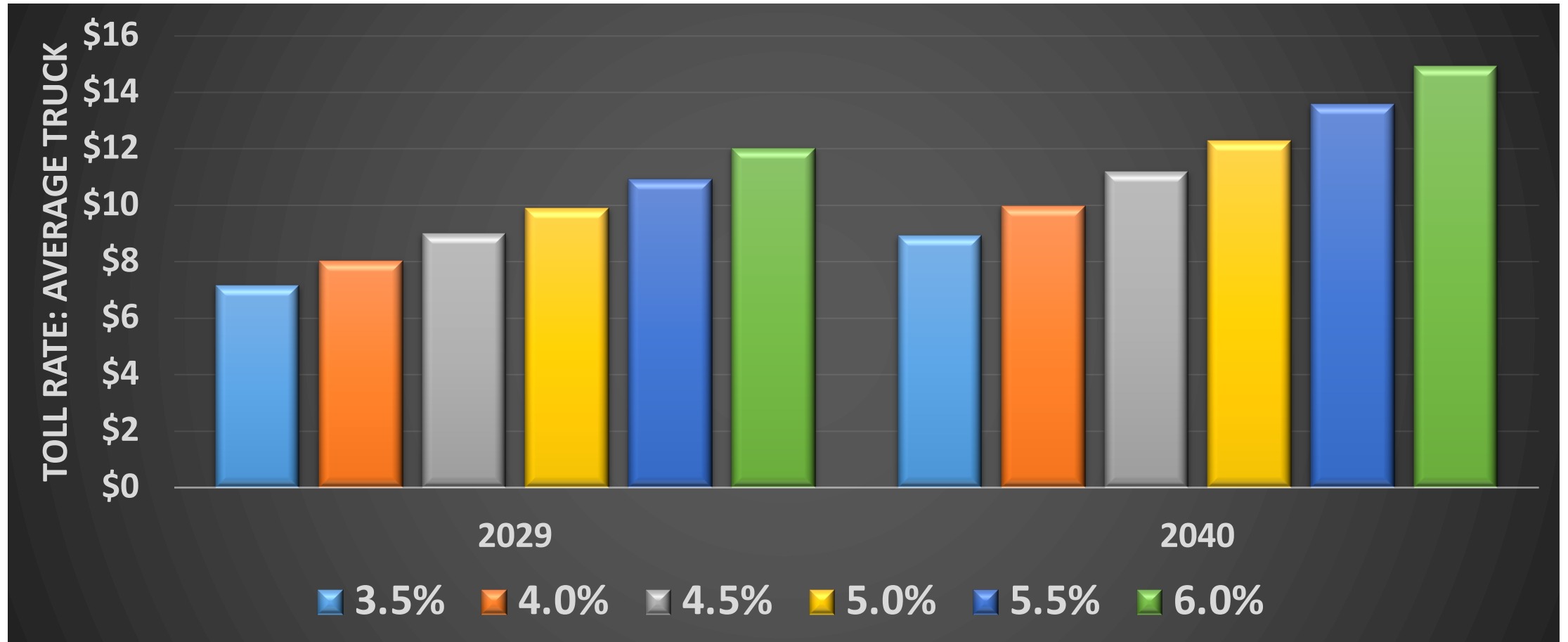
Required Toll Rate for Concept Scenarios: Average Truck BreezeBy Rate



\$200M Grant Scenario: Impact of Interest Rate on Required Toll Rate for Car BreezeBy Rate



\$200M Grant Scenario: Impact of Interest Rate on Required Toll Rate for Avg. Truck BreezeBy Rate



Questions?