

**PRELIMINARY ANALYSIS OF
CONCEPTUAL FINANCE PLAN**

BI-STATE WORKING GROUP

MAY 19, 2021

AGENDA

- INTRODUCTION TO CONCEPT FINANCE PLAN ANALYSIS
- SUMMARY RESULTS
- DETAILS ON CONCEPT FINANCE PLAN ANALYSIS
- RESULTS/DISCUSSION

WHAT IS A CONCEPTUAL FINANCE PLAN?

- **KEY INPUTS INTO THE FINANCIAL PLAN ARE AT VERY EARLY STAGES OF DEVELOPMENT**
 - ENGINEERING/COST ESTIMATES <5% LEVEL OF DESIGN
 - TRAFFIC AND TOLL REVENUE FORECAST AT CONCEPTUAL LEVEL
 - AMOUNT AND TIMING OF FEDERAL/STATE GRANTS ASSUMED
 - CONSTRUCTION CASH-FLOW REQUIREMENTS AT SKETCH-LEVEL
- **NUMERICAL RESULTS ARE APPROXIMATE (“ORDER OF MAGNITUDE”)**
- **DESPITE ITS LIMITATIONS, THE CONCEPT PLAN SCENARIOS PROVIDE A REASONABLE BASIS TO START DISCUSSION ON FINANCE PLAN ISSUES**

WHAT IS THE PRELIMINARY ASSESSMENT?

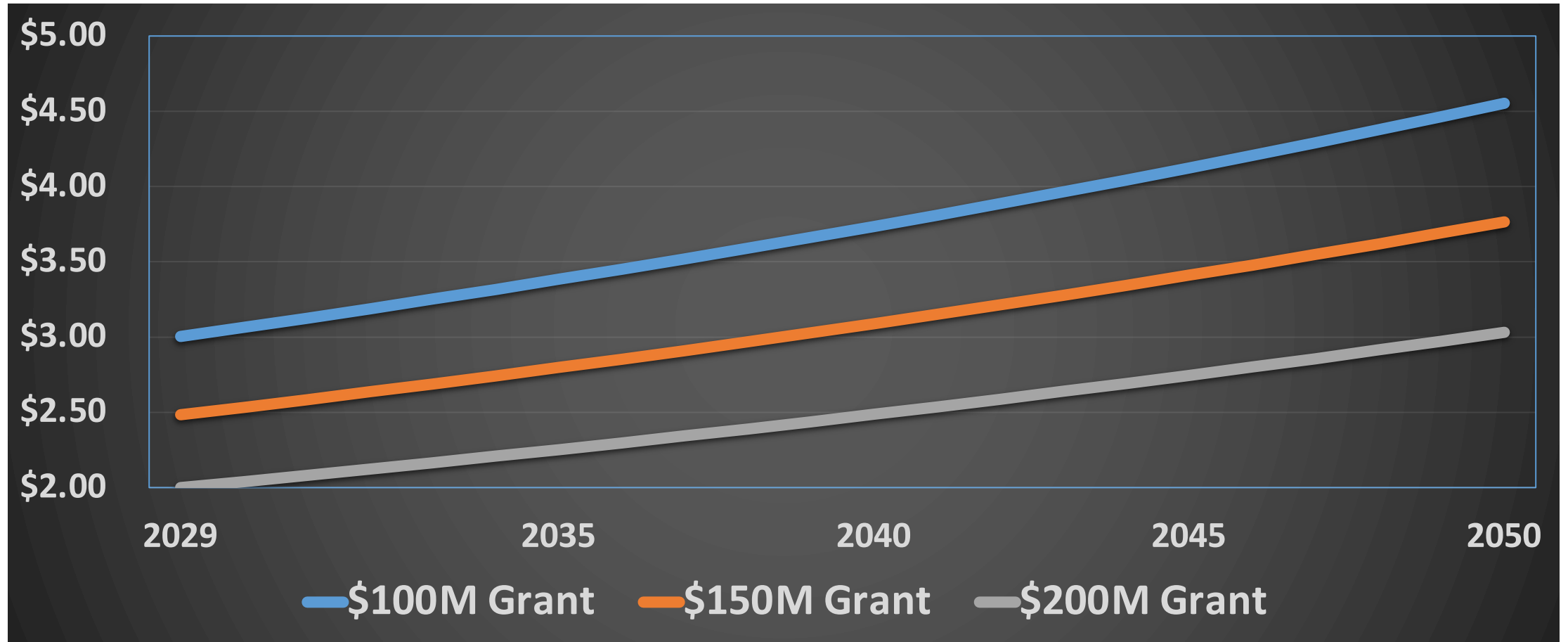
- **3 FINANCIAL SCENARIOS; THESE ARE NOT RECOMMENDED FINANCE PLANS**
- **ALL SCENARIOS ASSUME \$400M CAPITAL COST**
- **SCENARIOS ASSUME THE “PUBLIC” MODEL, BUT P3 WOULD BE SIMILAR BUT WITH DIFFERENT COSTS, INCLUDING COST OF CAPITAL**
- **ALL SCENARIOS USE SAME FINANCING STRUCTURE AND ASSUMPTIONS, EXCEPT:**
 - 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)
- **SCENARIOS ESTIMATE THE TOLL RATE REQUIRED TO MEET OPERATING REVENUE + DEBT SERVICE REQUIREMENTS FOR THE SCENARIO**

CONCEPTUAL CAPITAL FUNDING 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 (NET FOR CONSTRUCTION)	\$91.3	\$116.0	\$126.7
TOLL REVENUE BONDS (NET FOR CONSTRUCTION)	\$92.5	\$117.8	\$157.1
TOTAL FOR DESIGN/ CONSTRUCTION	\$400.0	\$400.0	\$400.0

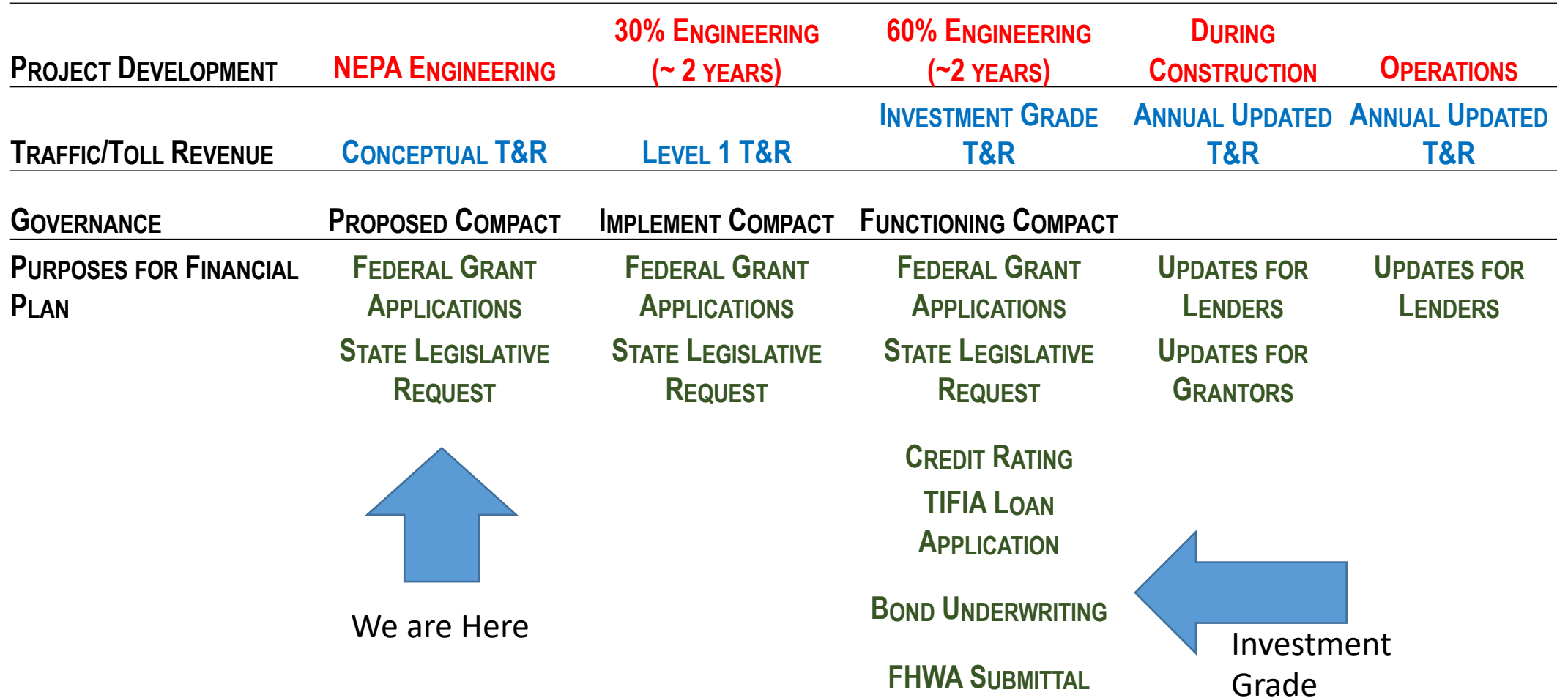
REQUIRED TOLL RATES FOR CONCEPT SCENARIOS: AUTO BREEZE BY RATE (PAY-BY-PLATE ~\$3 HIGHER)



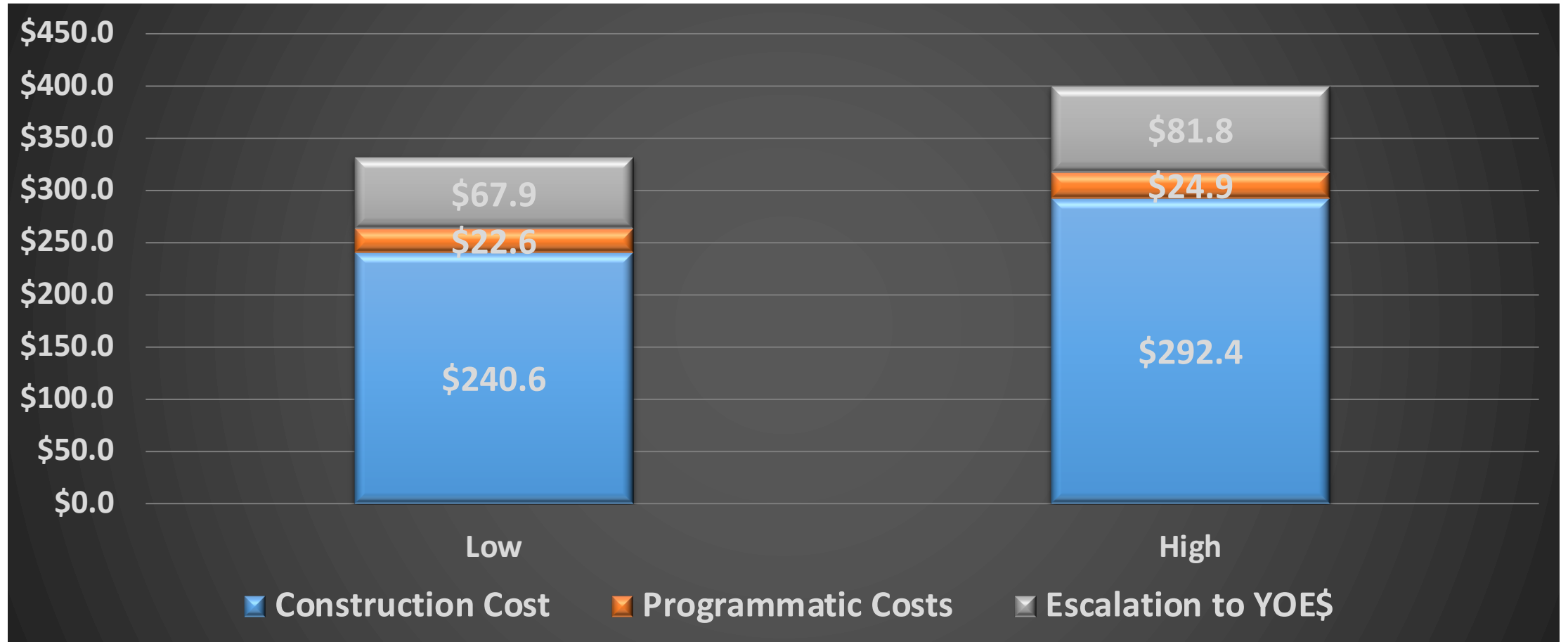
CONCEPTUAL FINANCE PLAN DETAILS

FACTORS/ASSUMPTIONS/ISSUES

EVOLUTION OF FINANCE PLAN



CAPITAL COST: SCENARIOS USE "HIGH"



CAPITAL COSTS: FUTURE REFINEMENTS

TWO MAJOR ISSUES MUST BE ADDRESSED IN UPCOMING ENGINEERING WORK:

1. INITIAL CONSTRUCTION SCHEDULE AND CASH FLOW

- HOW WILL BRIDGE BE CONSTRUCTED WITHIN THE IN-WATER WORK WINDOWS RESULTING FROM EIS?
- ADDITIONAL MARINE EQUIPMENT (BARGES, CRANES, ETC.) AND/OR TEMPORARY WORK BRIDGES NEEDED TO AVOID PROLONGED BRIDGE CONSTRUCTION PERIOD
- COST ESTIMATE INCLUDES AN ALLOWANCE FOR ADDITIONAL MARINE EQUIPMENT, BUT THIS IS BASED ON UNTESTED ASSUMPTIONS

2. ADDITIONAL GEOTECHNICAL INVESTIGATION REQUIRED

NET OPERATING REVENUES

OPERATING REVENUES

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

ASSUMED BORROWINGS

- **TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) LOAN**
 - FEDERAL GOVERNMENT NON-RECOURSE LOAN
 - LIMITS ON AMOUNT OF LOAN GENERALLY 33% OF COST
 - CAN BE SUBORDINATE TO TOLL REVENUE BONDS. SENIOR TOLL REVENUE BONDS MUST BE INVESTMENT GRADE (BBB OR BETTER)
 - INTEREST RATE ON LOAN EQUIVALENT TO 30-YEAR TREASURIES
 - SOMEWHAT LENGTHY/EXPENSIVE LOAN APPLICATION PROCESS
- **TOLL REVENUE BONDS**
 - ONLY NET OPERATING REVENUES PLEDGED FOR REPAYMENT
 - SENIOR TO OR PARITY WITH TIFIA

OTHER BORROWING REQUIREMENTS

- **DEBT SERVICE COVERAGE RATIO (DSCR) = $\frac{\text{NET REVENUE AVAILABLE FOR DEBT SERVICE}}{\text{DEBT SERVICE (PRINCIPAL \& INTEREST PAYMENT)}}$**
 - **TOTAL DSCR: ASSUME 1.25X TOTAL OF SENIOR TOLL BOND DEBT SERVICE + TIFIA DEBT SERVICE**
 - \$10M ANNUAL SR. DEBT SERVICE + \$10M ANNUAL TIFIA DEBT SERVICE = \$20M
 - @ 1.25X COVERAGE: NET REVENUES MUST \geq \$25M
- **ISSUANCE COSTS/CAPITALIZED INTEREST**
- **RESERVE REQUIREMENTS**
 - **BEFORE DEBT SERVICE**: DEBT RESERVE (CREATED WITH LOAN PROCEEDS) = 10% LOAN + OPERATING/WORKING RESERVE = \$5M
 - **AFTER DEBT SERVICE**: NOT ADDRESSED IN THIS ANALYSIS, BUT COULD INCLUDE: REPAIR AND REHABILITATION RESERVE, TOLL REVENUE STABILIZATION RESERVE, ETC.

RESULTS

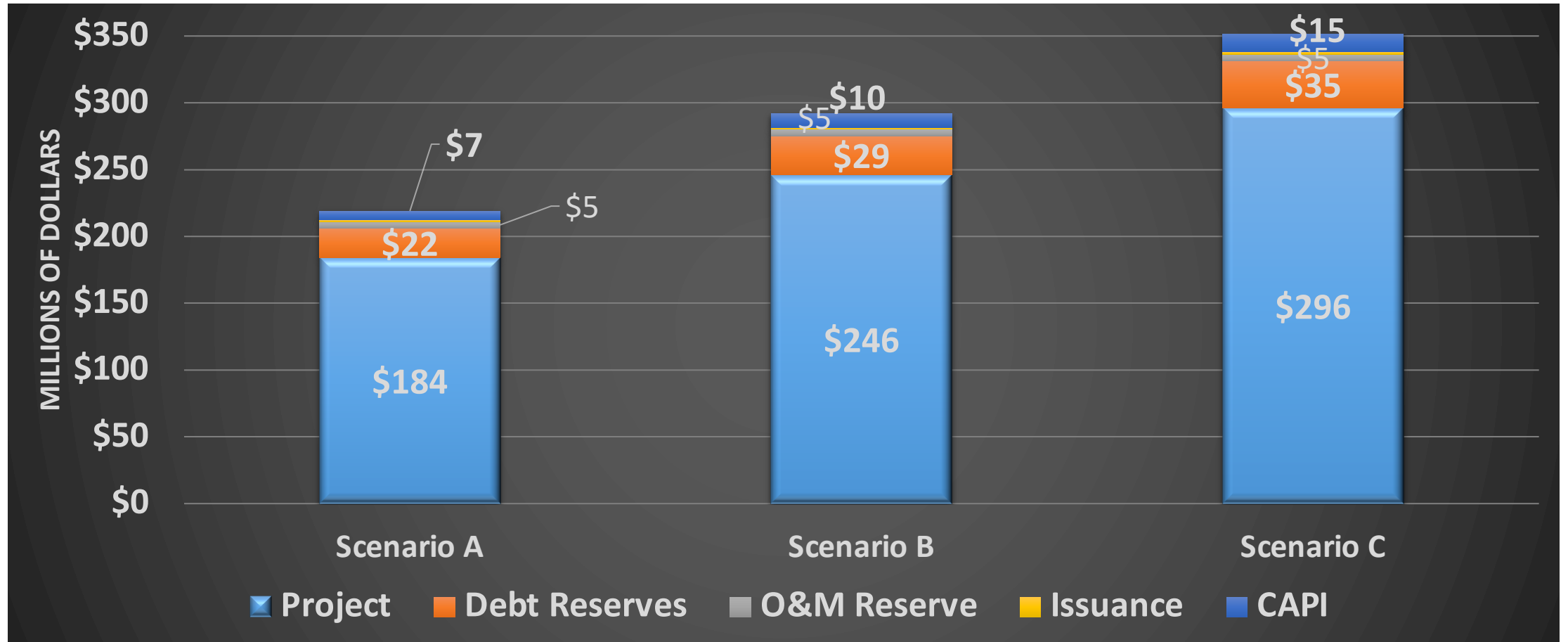
DISCUSSION

CONCEPTUAL CAPITAL FUNDING SCENARIOS

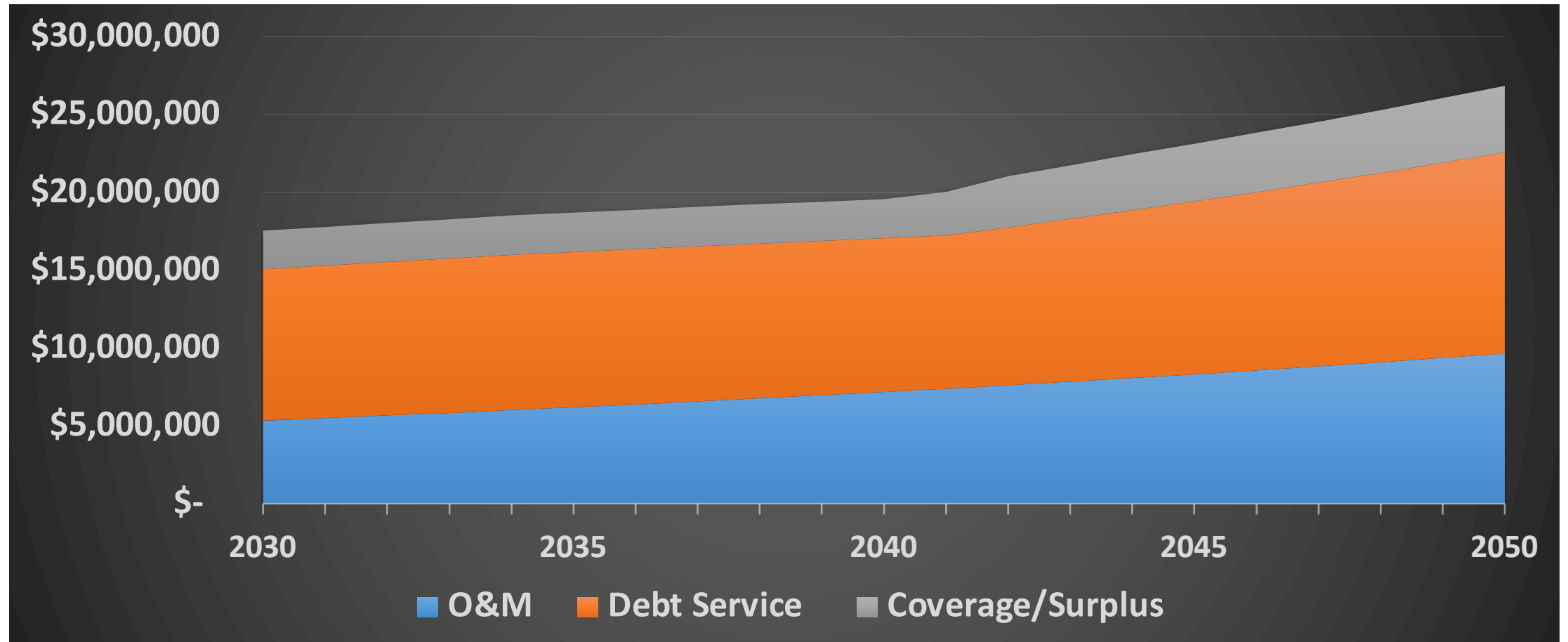
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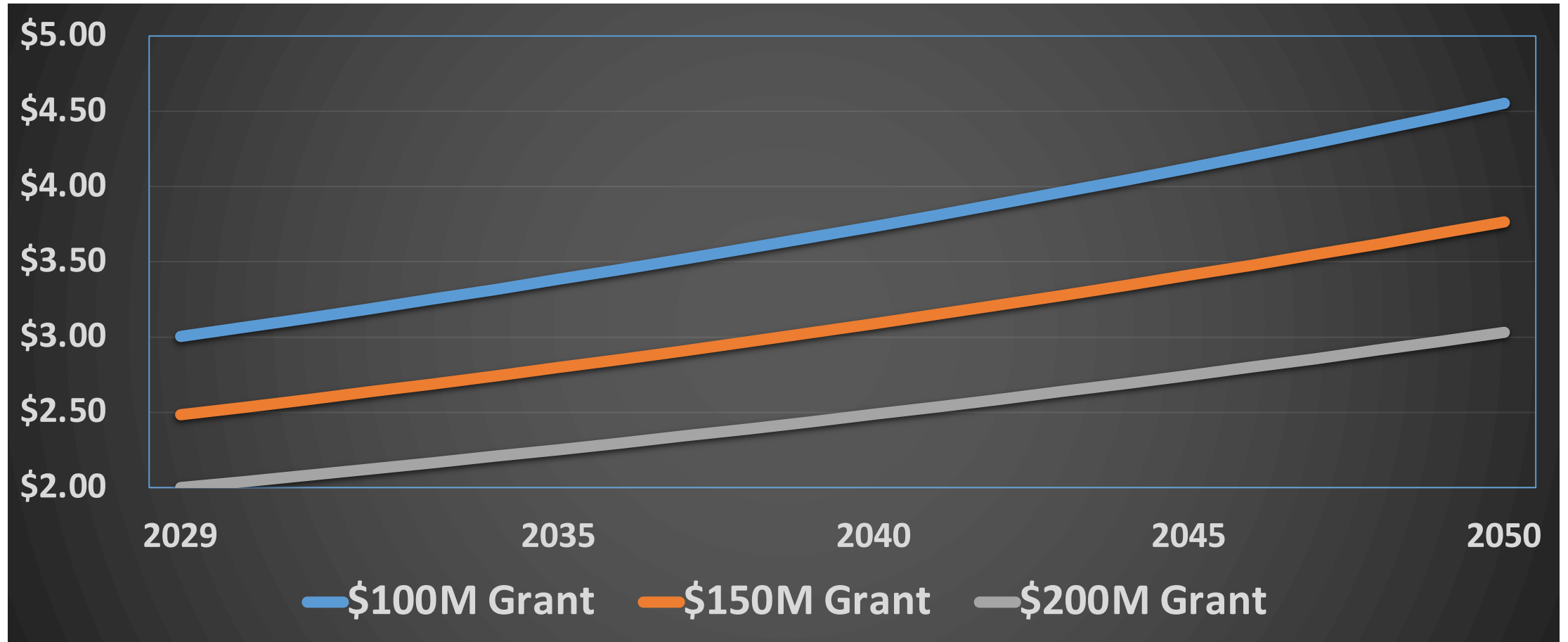
SIZE OF BORROWINGS



OPERATING REVENUE REQUIREMENTS

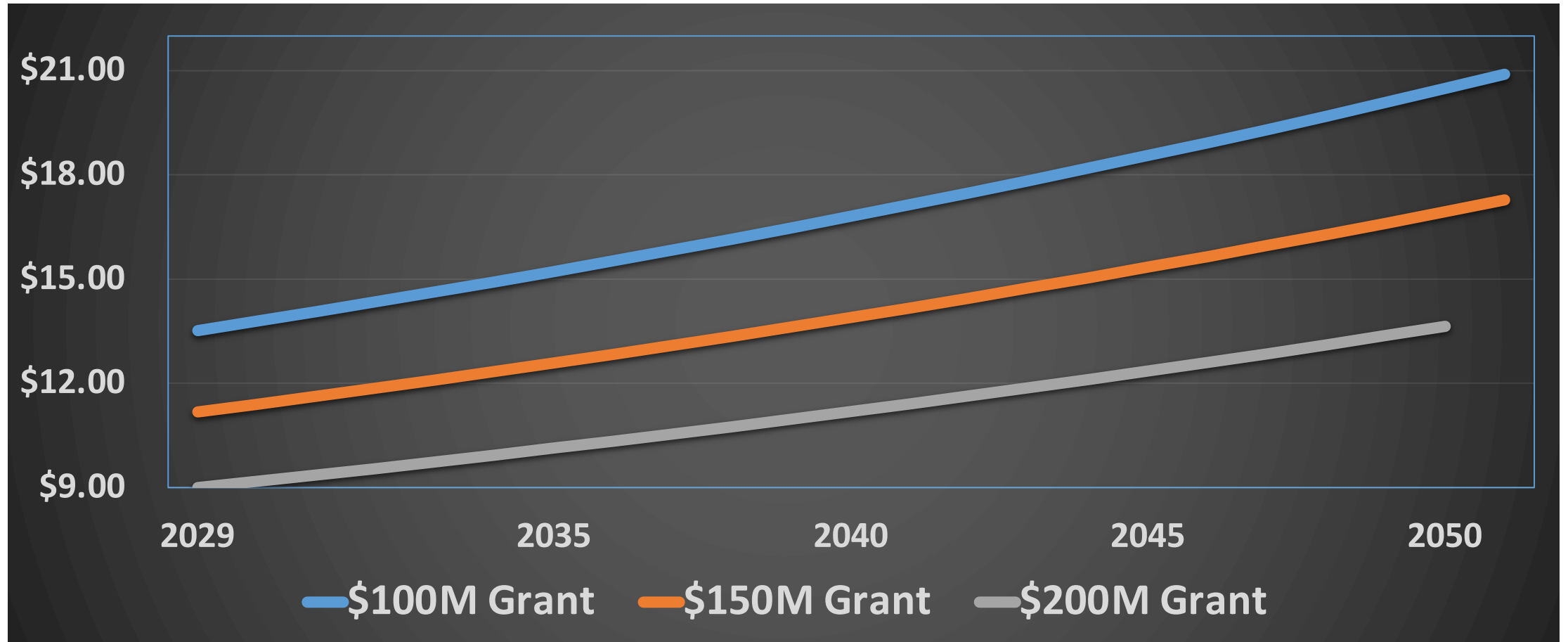


REQUIRED TOLL RATES FOR CONCEPT SCENARIOS: AUTO BREEZE BY RATE

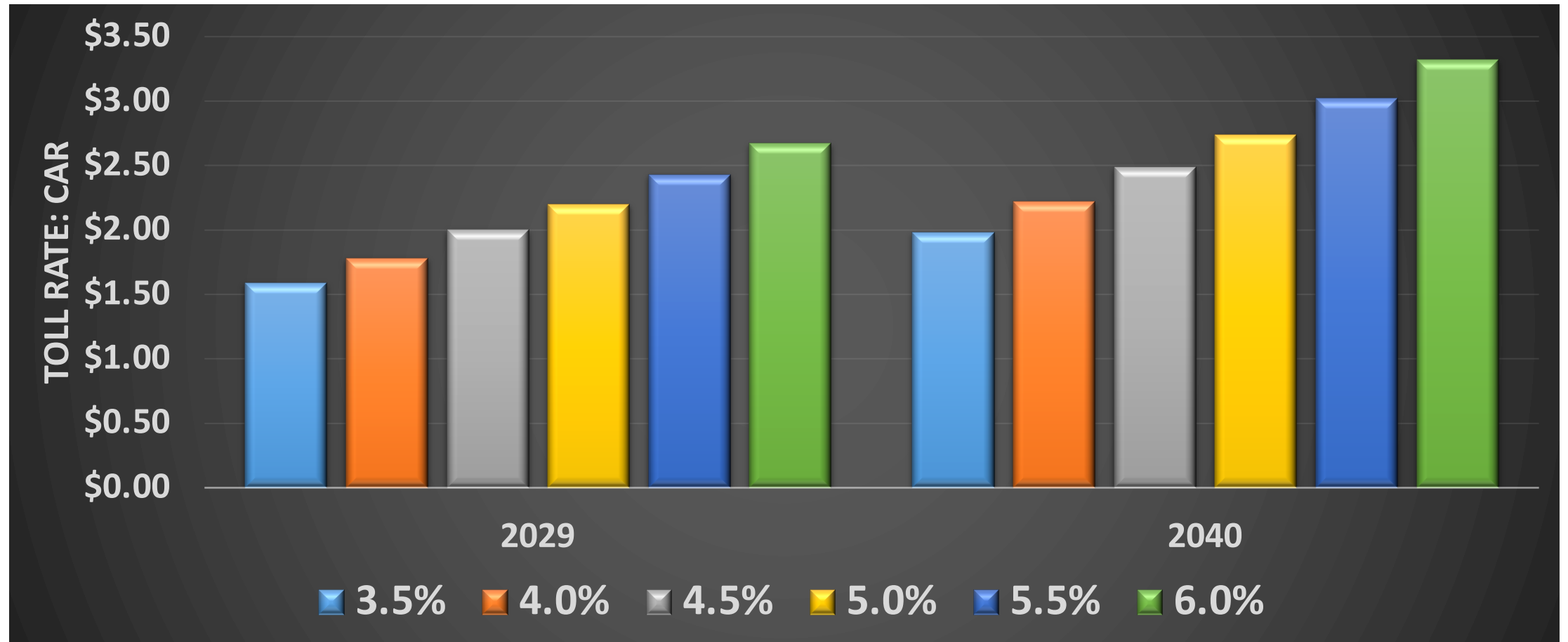


REQUIRED BREEZEBY TOLL RATE FOR "AVERAGE TRUCK"

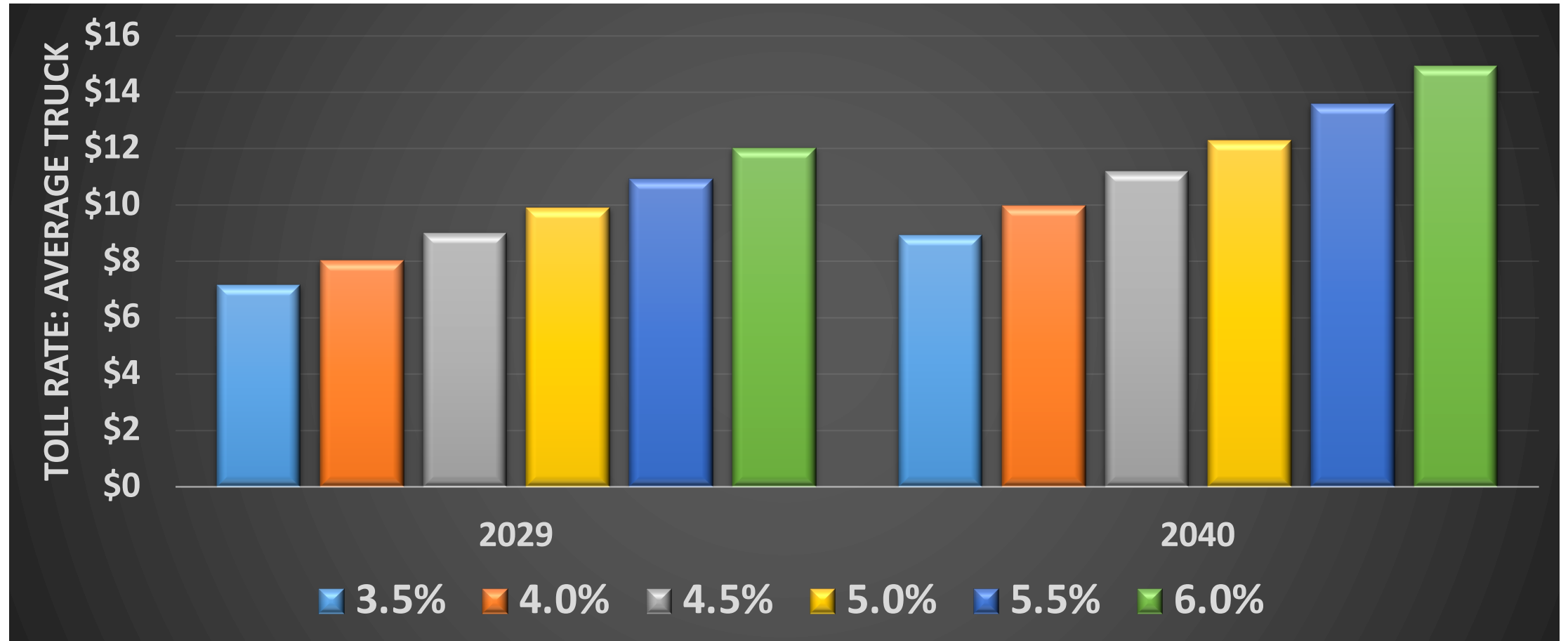
"AVERAGE TRUCK" = 3 AXLES (BASED ON CURRENT COUNTS)



IMPACT OF "AVERAGE" INTEREST RATE ON TOLL RATE: \$200M GRANT - CAR BREEZE BY RATE



IMPACT OF "AVERAGE" INTEREST RATE ON TOLL RATE: \$200M GRANT - AVG. TRUCK BREEZE BY RATE



QUESTIONS?