



Regional Priority Project Financing Update

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I. Current Funding Plan for Pre-HRBT and HRBT Projects



Pre-HRBT Projects

- HRTAC will fund its share of the six pre-HRBT projects by utilizing:
 - HRTF 2018A Bonds of \$580M
 - HRTF TIFIA loan of \$438M (via a TIFIA BAN)
- The BAN strategy continues to show benefits: \$13M-\$14M savings vs. no BAN.
- To retain any potential positive arbitrage earnings, spend BAN proceeds first before the remaining 2018A Bonds.
- Project cost savings will be absorbed by the 2018A Bonds. Residual bonds proceeds to be used on other HRTAC projects.

	Total	Prior Years	FY 2020	FY 2021	FY 2022
Costs					
State and Local Share	388,237,574	282,875,277	63,670,693	34,082,658	7,608,946
HRTAC Share	1,020,673,861	555,915,115	316,577,626	119,031,008	29,150,112
Total	1,408,911,435	838,790,392	380,248,319	153,113,666	36,759,058
Funds					
State and Local Funds (Cash)	388,237,574	282,875,277	63,670,693	34,082,658	7,608,946
HRTF Paygo (Cash)					
HRTF Senior Lien Debt (Bonds)	582,098,046	555,915,115	26,182,931		
HRTF Subordinate Lien Debt (TIFIA Loan)	438,575,815		290,394,695	119,031,008	29,150,112
Total	1,408,911,435	838,790,392	380,248,319	153,113,666	36,759,058



Pre-HRBT Projects: TIFIA BAN and TIFIA Loan

2019A TIFIA BAN Sources and Uses

Sources

A	BAN Par	440,710,000
	BAN OIP	43,040,013
	BAN Proceeds	483,750,013
B	Non-capitalized Interest Paygo Payment	15,669,789
	Total Sources	499,419,802

Uses

A	Six-Initial Project Costs	438,575,815
	Capitalized Interest	44,071,281
	Issuance Costs	1,101,775
	BAN Proceeds Uses	483,748,871
	Non-capitalized Interest Paid by Paygo	15,669,789
	Rounding	1,142
	Total Uses	499,419,802



2019 TIFIA Loan Sources and Uses

Sources

D	Loan Amount	502,802,044
	Uses	
	2019A TIFIA BAN Take Out	440,710,000
E	Deposit to General Fund*	62,092,044
	Total	502,802,044

2019 TIFIA Loan Eligible Costs and Loan Amount

C	Six-Initial Project costs	1,396,262,190
	2018A Bonds Interest During Construction**	87,401,137
	2018A Bonds Issuance Expenses	1,172,027
	2019A TIFIA BAN Interest During Construction**	37,705,429
	2019A TIFIA BAN Issuance Expense	1,101,775
	Total Eligible Costs	1,523,642,558
	Requested Loan (33% of Eligible Costs)	502,802,044

* Can be used on HRBT

**Through estimated substantial completion in July 2021

See lettered notes next page; Numbers subject to change



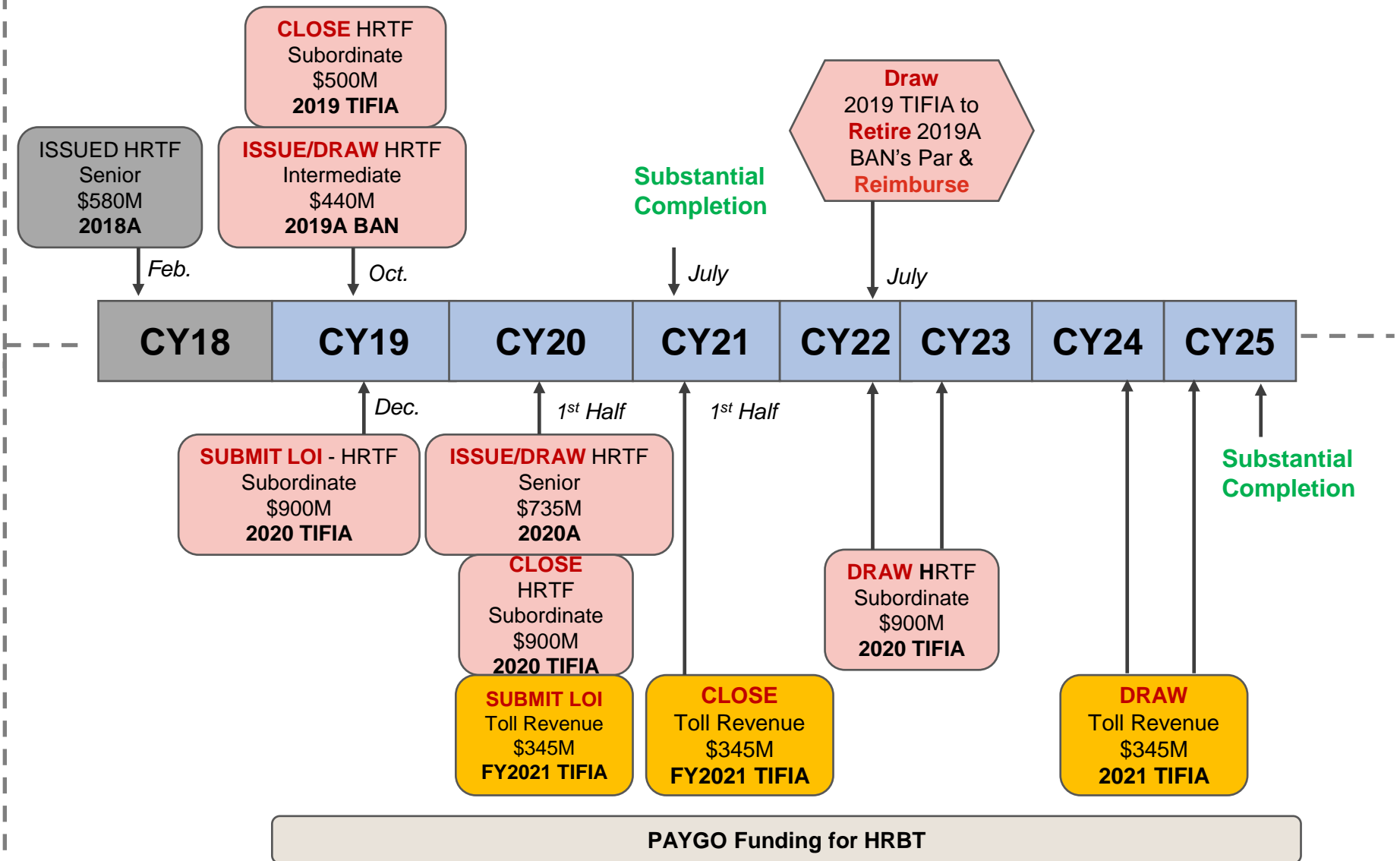
Pre-HRBT Projects: TIFIA BAN and TIFIA Loan

- A. BANs par is driven by remaining projects costs to be funded net of 2018A Bonds' proceeds - \$438M
- B. Part of the BANs interest will not be capitalized, but paid by HRTF revenue.
- C. The loan amount is determined by eligible costs at the time of loan closing: some are known (debt interest) and some are estimated (project costs). The loan size is based on the ESTIMATED project costs, not ACTUAL project costs.
- D. During disbursement, TIFIA will not re-calculate the loan size based on updated actual project costs. As long as HRTAC can provide eligible project and debt payment invoices no less than the pre-determined loan size (\$502M), it is allowed to draw \$502M.
- E. Note that the TIFIA loan amount exceeds the BAN's par. After the BAN take-out, the remainder of the TIFIA loan can be used (indirectly) to pay other HRTAC project costs by reimbursing HRTAC's general fund for previously paid project costs not otherwise reimbursed.



Pre-HRBT and HRBT – Current Funding Plan without Regional HOT Network

TOP HALF - Six Initial Projects Pre-HRBT



BOTTOM HALF - HRBT



II. Hampton Roads HOT Network and Other Post-HRBT Project Funding & Supporting Modifications of the Current HRBT Funding



HOT Network Full Implementation Project Cost Estimate

- Provided by VDOT on November 19, 2019

Projects to be Completed by 2025

HOT Lanes	\$835,000,000
High Rise	\$80,000,000
Tolling Integration	\$50,000,000
Total	\$965,000,000

Other Costs

Segment I (Reversible HOT Lanes)	\$19,000,000
Segment II (I464-I264)	\$35,000,000
Transit	\$3,500,000
T&R Study	\$1,500,000
Total	\$59,000,000

- HRTAC funding proposal includes:
 - \$965M new projects
 - HRTAC request VDOT consideration of \$142M I-64 state revenue funds
 - \$59M project Other Costs funded by a Toll Facility Revolving Account
 - HRTAC request VDOT consideration of deferral/forgiveness, any repayment post Bowers Hill completion



HOT Network Projects Funding: Considerations and Improvements

- System financing approach
- Can Regional HOT network projects be constructed on the same timetable as HRBT?
- Can Bower's Hill and Ft Eustis Interchanges be accelerated?
- Credit impact of adding any projects before 2025 on the HRTF debt?
- The amount of HRTF debt and paygo available?
- How to leverage toll revenues – toll policy, how much is available, used on which projects, and who is the issuer?
- Are the new annual state revenues for I-64 available for these projects?
- Is any SMART SCALE funding available?



Toll System Financing

- For regions that have multiple projects that are adjacent to or connect to each other, a system financing concept merits considerations.
- System financing allows for project delivery acceleration with lower costs due to the following benefits:
 - Establish a framework to finance current projects and allow for future projects as system expansion
 - Exploit accumulated residual cash from early constructed projects to finance subsequent projects
 - Exploit tolling history of early constructed projects to leverage an established credit for subsequent debt financings
 - A combined system including urban and interstate express lanes can present itself as a better candidate for TIFIA loans.
 - Eliminate traffic diversion issue of competing facilities if financed individually



Toll Revenue Debt

- Assumes regional HOT network; toll network/system approach Jefferson Boulevard to Bowers Hill Interchange
- If HRTAC is the toll revenue debt issuer, it will likely apply for stand-alone TIFIA loan(s) as toll revenues support less than 33% of project costs.
 - Assume 1.50x coverage
- Considering project readiness, HRTAC may apply for an initial toll TIFIA loan on HRBT to maximize the TIFIA funding capabilities to the project and free up HRTF.
 - HRBT Toll Revenue TIFIA loan may exceed the \$345M specified in the HRBT PAFA.
 - This will reduce HRTF funding needed for HRBT, which can then be used on future projects
- When the HOT Network project is ready for construction, HRTAC could apply for a second toll TIFIA loan.



Toll Revenue Funding Capacity

- VDOT provided Traffic and Revenue Study Scenario A to I in November 2019.
- Scenario B, F and I are analyzed assuming HRTAC issues stand-alone toll revenue TIFIA loan(s).
- The following slides provide funding details for each project assuming Scenario B.

T&R Scenario		Toll Debt	Project Completion			
			HRBT	HOT Project	Bower's Hill	Ft. Eustis
Scenario B	HOT2, 24/7 Tolling, Throughput Max	\$860M	2025	2025	2029	2032
Scenario F	HOT3, 24/7 Tolling, Throughput Max	\$1,050M	2025	2025	2028	2031
Scenario I	HOT2, 2x2 Peak Hour Tolling, Throughput Max	\$260M	2025	2030	2034	2036



Scenario B – HRBT Funding

- Utilizing updated Traffic and Revenue data provided by VDOT 11/13/2019, HRTAC should consider adjusting its funding sources for its share of HRBT (excluding SMART SCALE) to reflect the following:
 - HRTF paygo of \$1.58B, including current cash balance
 - HRBT toll revenue debt - \$645M TIFIA loan (up \$300M from the PAFA value of \$345M)
 - HRTF TIFIA loan of \$597M (33% eligible cost minus \$645M toll revenue loan)
 - HRTF bonds of \$731M

	Total	Prior Years	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Costs									
Costs	3,553,626,736	75,837,748	365,383,259	1,128,994,340	713,603,367	545,663,727	421,645,778	291,030,715	11,467,802
Funds									
HRTF Paygo (Cash)	1,579,566,353	75,837,748	182,691,630	453,998,554	327,916,884	459,977,244	11,645,778	56,030,715	11,467,802
HRTF Senior Lien Debt (Bonds)	731,265,795		182,691,630	548,574,166					
HRTF Subordinate Lien Debt (TIFIA Loan)	597,794,588			126,421,621	385,686,483	85,686,483			
Toll Revenue Debt (TIFIA Loan)	645,000,000						410,000,000	235,000,000	
Total	3,553,626,736	75,837,748	365,383,259	1,128,994,340	713,603,367	545,663,727	421,645,778	291,030,715	11,467,802

- HRTAC and VDOT would need to amend the HRBT PAFA to include this change in funding sources and uses.



Scenario B - Hampton Roads Regional HOT Network Funding

- Current VDOT cost estimate \$965M. The goal is to finish the projects in 2025.
- This schedule potentially adds additional burden on HRTF but is still achievable with the following conditions:
 - Minimum \$142M state pay-go revenues available from I-64 state funding (under the I-81 legislation)
 - Additional \$215M toll revenue TIFIA loan is leveraged (\$860M total toll TIFIA utilized)
 - HRTAC's ability to issue another \$563M HRTF debt
- If SMART SCALE is available, it will alleviate some of the burden on HRTF, allowing acceleration of the Bower's Hill and Ft Eustis interchange projects.

	Total	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Costs							
HOT Project	965,000,000	13,100,000	36,900,000	100,000,000	250,000,000	310,000,000	255,000,000
Funds							
HRTF Paygo (Cash)	40,089,660		17,700,000	2,900,000	2,500,000	2,600,000	14,389,660
HRTF Senior Lien Debt (Bonds)	270,000,000			70,000,000	200,000,000		
HRTF Intermediate Lien Debt (Bonds)	190,000,000				20,000,000	170,000,000	
HRTF Subordinate Lien Debt (TIFIA Loan)	103,450,000					30,000,000	73,450,000
State Funding Paygo (Cash)	141,700,000	13,100,000	19,200,000	27,100,000	27,500,000	27,400,000	27,400,000
Toll Revenue Paygo (Cash)	4,760,340						4,760,340
Toll Revenue Debt (TIFIA Loan)	215,000,000					80,000,000	135,000,000
Total	965,000,000	13,100,000	36,900,000	100,000,000	250,000,000	310,000,000	255,000,000



Scenario B - Future HRTAC Projects

- Limited HRTF debt capacity would remain after 2025 such that any subsequent projects will rely in part on non-HRTF funding sources.
- Given higher revenue to debt service ratios, there is significant HRTF and Toll Revenue cash flow to continue to fund construction into the future post FY 2025.
- Thus, if the I-64 state funding continues to be available, it is possible to build Bower's Hill and Ft Eustis Interchanges starting 2026 with completion in FY 2029-2032. The current adopted HRTAC 2045 funding plan delivers Bowers Hill in 2037 and Ft. Eustis Interchange in 2038.
- Completion could be further accelerated if SMART SCALE is available.

	Total	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Costs										
Bower's Hill	543,926,475	25,254,198	26,910,553	124,124,925	123,096,154	136,276,855	108,263,789			
Ft Eustis Interchange	277,170,270				11,683,057	11,975,133	54,079,008	64,000,905	65,600,928	69,831,238
Total	821,096,744	25,254,198	26,910,553	124,124,925	134,779,211	148,251,989	162,342,797	64,000,905	65,600,928	69,831,238
Funds										
HRTF Paygo (Cash)	689,665,343	25,254,198	26,910,553	91,964,585	101,929,243	115,273,355	128,900,337	64,000,905	65,600,928	69,831,238
State Funding Paygo (Cash)	109,600,000			27,400,000	27,400,000	27,400,000	27,400,000			
Toll Revenue Paygo (Cash)	33,870,915			4,760,340	5,449,968	5,578,633	6,042,460			
Total	821,096,744	25,254,198	26,910,553	124,124,925	134,779,211	148,251,989	162,342,797	64,000,905	65,600,928	69,831,238

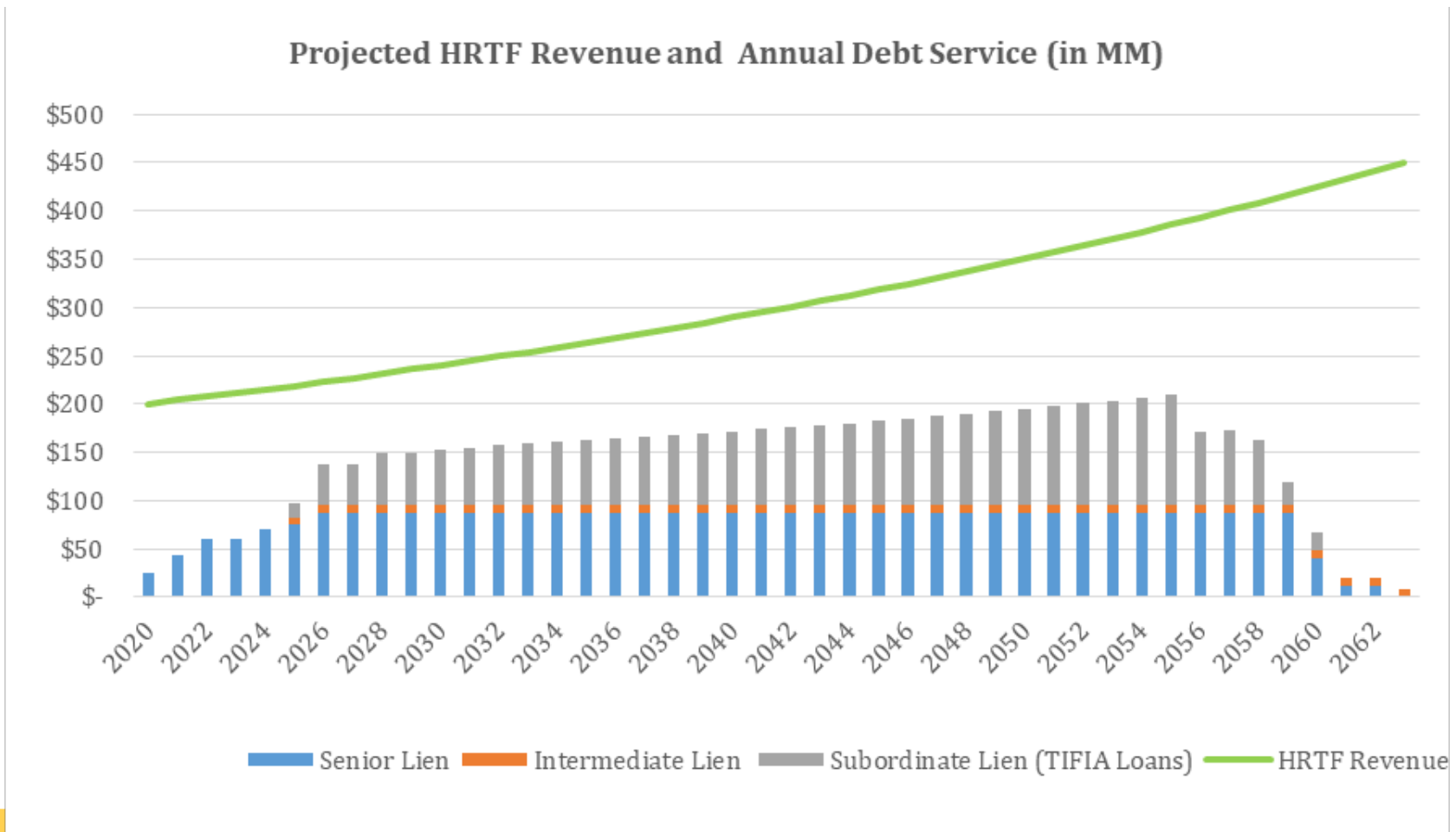
Note:

- (1) High Rise Bridge Phase II, with estimated cost exceeding \$1.5B, can no longer be completed within 2045 LRTP.
- (2) After Bower's Hill completion, excess toll revenues can support the \$59M repayments discussed on Page 8 through the Toll Facility Revolving Account by 2035.



Projected HRTF Debt Service and Coverage

- HRTF debt assume 100-160 bps interest rate cushion above current levels
- Debt service coverage ratios drop to 1.50x in mid 2020s when HRTF TIFIA debt service payments start.



Thank You

