

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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CHESAPEAKE BAY  
BRIDGE-TUNNEL



Financial Statements & Quarterly Report  
September 30, 2024

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2024

### Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended September 30, 2024 provides long-term and short-term information about the District's overall financial status. This report consists of two parts: management's discussion and analysis and the basic financial statements, including notes to the basic financial statements. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the statements of net position as of September 30, 2024 and 2023, the related statements of revenues, expenses, and changes in net position and the statements of cash flows for the quarter and year then ended. The notes to the basic financial statements consist of information that is essential to a user's understanding of the basic financial statements.

As it is considered a special-purpose government engaged only in business-type activities, the District follows enterprise fund reporting; accordingly, the basic financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of nonbridge-tunnel infrastructure assets is recognized in the statements of revenues, expenses, and changes in net position. All assets and deferred outflows of resources and liabilities and deferred inflows of resources resulting from the operation of the District are included in the statements of net position.

### Financial Highlights for the Quarter

- Gross toll revenues before deductions for the first quarter of fiscal year 2025 (Q1 FY25) were \$24,879,168 and were 10.0% more than toll revenues in the first quarter of fiscal year 2024 (Q1 FY24). During Q1 FY25, total revenue vehicles of 1,317,562 crossed the District's facility. This represents a decrease in vehicular traffic of 48,246, or 3.5% from Q1 FY24.
- As a result of the January 1, 2024 toll rate increase, all three months in the quarter represented all-time high records for toll revenues despite the overall decrease in traffic volumes.
- Other revenues totaled \$385,484 in Q1 FY25 and totaled \$426,699 in Q1 FY24, which is a decrease of \$41,215 or 9.7%.
- Operating expenses before District facility expenses in Q1 FY25 totaled \$4,618,098, which is an increase in operating expenses of \$183,660 or 4.1% from Q1 FY24.
- Facility expenses for Q1 FY25 were \$1,533,979 compared to \$2,236,023 in Q1 FY24. District facility expenses primarily include preservation expenses for bridge and tunnel assets. Preservation expenses are predominantly large complex repairs and renovations and depending on the nature of the preservation expense can vary greatly from year to year.
- Net non-operating revenues in Q1 FY25 total \$8,215,749. In comparison to net non-operating revenues of \$4,219,398 in Q1 FY24, this represents an increase in non-operating revenues of \$3,996,351. The difference is primarily the result of an increase in interest income and a decline in interest expense compared to Q1 FY24.
- Total net position at September 30, 2024 was \$916,782,888 an 8.2% increase over total net position at September 30, 2023.

## **CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2024

### **Contacting the District's Financial Management**

This financial report is designed to provide the bondholders, customers, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, address your request to the Executive Director or the Deputy Director of Finance and Operations, 32386 Lankford Highway, Cape Charles, Virginia 23310.

**Chesapeake Bay Bridge and Tunnel District**  
**Statements of Net Position**  
**September 30, 2024 and 2023**

<b>Assets and Deferred Outflows of Resources</b>	<b>2024</b>	<b>2023</b>
Current Assets:		
Cash	\$ 1,658,770	1,459,131
Investments	101,632,376	84,107,428
Accounts receivable and accrued interest receivable, net	2,520,433	1,965,716
Lease Receivable	1,064,434	1,106,381
Prepaid expenses and other assets	871,992	775,189
Total current assets	107,748,005	89,413,845
Restricted Assets:		
Cash	34,923	33,224
Investments	237,877,004	661,559,318
Accrued interest receivable	1,569,248	599,202
Total restricted assets	239,481,175	662,191,744
Investments	248,583,626	273,351,384
Long Term Lease Receivable	3,169,560	4,326,237
Capital Assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	667,613,589	568,388,414
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	5,022,443	4,207,670
Total capital assets	1,103,715,640	1,003,675,692
Bond Insurance Costs, Net of Accumulated Amortization	2,042,963	2,155,257
Deferred Outflows of Resources:		
Pension	1,945,385	2,047,240
RHIP OPEB	539,534	951,385
GLI OPEB	112,009	105,781
Total Deferred Outflows of Resources	2,596,928	3,104,406
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 1,707,337,897</b>	<b>2,038,218,565</b>

**Chesapeake Bay Bridge and Tunnel District**  
**Statements of Net Position**  
**September 30, 2024 and 2023**

<b>Liabilities, Deferred Inflows and Net Position</b>	<b>2024</b>	<b>2023</b>
<b>Current Liabilities:</b>		
Accounts payable & accrued expenses	\$ 20,510,615	34,098,298
Current portion of long-term debt	718,915	379,254,507
Accrued interest	6,042,629	10,769,379
Unearned revenues	835,822	616,566
Total Current Liabilities	28,107,981	424,738,750
<b>Long-Term Liabilities:</b>		
Long-term debt, net of current portion	738,035,174	740,289,842
Net pension liability	13,774,988	13,051,028
Net RHIP OPEB Liability	4,635,569	5,749,406
Net GLI OPEB Liability	460,656	466,106
Total Long-Term Liabilities	756,906,387	759,556,382
<b>Deferred Inflows of Resources:</b>		
Pension	748,163	1,408,036
RHIP OPEB	917,478	181,945
GLI OPEB	94,364	129,141
Lease Receivable	3,780,636	4,856,716
Total Deferred Inflows of Resources	5,540,641	6,575,838
Total Liabilities and Deferred Inflows of Resources	790,555,009	1,190,870,970
<b>Net Position:</b>		
Net investment in capital assets	553,809,158	112,552,216
Restricted for debt service	30,886,695	413,216,854
Restricted for forfeited property	16,052	14,352
Unrestricted	332,070,983	321,564,173
Total Net Position	916,782,888	847,347,595
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 1,707,337,897</b>	<b>2,038,218,565</b>

**Statement of Revenues, Expenses, and Changes in Net Position**  
**As of September 30, 2024 & 2023**

	Three Months Ended		Twelve Months Ended	
	<u>September, 2024</u>	<u>September, 2023</u>	<u>September, 2024</u>	<u>September, 2023</u>
Operating Revenues:				
Toll	\$ 24,307,371	22,128,221	73,169,645	67,072,369
Other	<u>385,484</u>	<u>426,699</u>	<u>1,314,607</u>	<u>1,448,598</u>
Total Operating Revenues	<u>24,692,855</u>	<u>22,554,920</u>	<u>74,484,252</u>	<u>68,520,967</u>
Operating Expenses:				
Administration	162,175	159,622	608,852	466,179
Finance	286,433	235,137	1,038,647	963,820
Operations	1,403,728	1,326,319	5,548,478	4,928,142
Maintenance	1,231,457	1,108,320	4,780,854	4,497,732
General	1,186,710	1,192,844	5,082,776	4,652,569
Consultants	134,217	154,630	633,896	726,599
Utilities	<u>213,378</u>	<u>257,566</u>	<u>830,495</u>	<u>826,280</u>
Total Operating Expenses Before District Facility Expenses	<u>4,618,098</u>	<u>4,434,438</u>	<u>18,523,998</u>	<u>17,061,321</u>
District Facility Expenses:				
Insurance	509,911	449,512	1,611,923	1,454,863
Depreciation	201,442	135,635	609,420	620,885
Bridge and Tunnel Preservation	406,720	1,064,665	1,666,787	2,846,870
Other	<u>415,906</u>	<u>586,211</u>	<u>(64,630)</u>	<u>509,942</u>
Total District Facility Expenses	<u>1,533,979</u>	<u>2,236,023</u>	<u>3,823,500</u>	<u>5,432,560</u>
Total Operating and District Facility Expenses	<u>6,152,077</u>	<u>6,670,461</u>	<u>22,347,498</u>	<u>22,493,881</u>
Operating Income (Loss)	<u>18,540,778</u>	<u>15,884,459</u>	<u>52,136,754</u>	<u>46,027,086</u>
Nonoperating Revenues (Expenses):				
Change in fair value of investments	9,025,970	8,242,387	23,508,903	25,295,411
Interest income	4,876,542	3,046,317	16,907,222	10,725,400
Interest expense	(5,686,763)	(7,069,991)	(23,144,136)	(26,249,011)
Gain (loss) on asset disposal	-	-	-	4,685
Other revenue (expense), net	<u>-</u>	<u>685</u>	<u>26,549</u>	<u>(15,907)</u>
Total Nonoperating Revenues (Expenses), net	<u>8,215,749</u>	<u>4,219,398</u>	<u>17,298,538</u>	<u>9,760,578</u>
Change in net position	26,756,527	20,103,857	69,435,292	55,787,664
Total net position, beginning of period	<u>890,026,361</u>	<u>827,243,738</u>	<u>847,347,596</u>	<u>791,559,931</u>
Total net position, end of period	<u>\$ 916,782,888</u>	<u>847,347,595</u>	<u>916,782,888</u>	<u>847,347,595</u>

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

### Statements of Cash Flows

For the period ended September 30, 2024 and 2023

	<b>Q1 FY2025</b>	<b>Q1 FY2024</b>
<b>Cash flows from operating activities:</b>		
Toll collections from customers	\$ 24,734,327	22,058,809
Scrip sales	79,140	54,948
Leasing revenue	476,929	410,338
Payments to employees for services and employee benefits	(4,089,283)	(3,519,059)
Payments to suppliers and consultants	(1,100,827)	(2,195,848)
Other	(404,088)	302,060
	<u>19,696,198</u>	<u>17,111,248</u>
<b>Net cash provided by (used in) operating activities</b>		
<b>Cash flows from investing activities:</b>		
Purchases of investments	(192,017,502)	(284,843,540)
Interest income	4,847,123	2,366,562
Sales and maturities of investments	203,845,504	290,751,805
	<u>16,675,125</u>	<u>8,274,827</u>
<b>Net cash provided by (used in) investing activities</b>		
<b>Cash flows from capital and related financing activities:</b>		
Capitalized expenditures	(24,130,191)	(3,730,204)
Forfeited assets	—	685
Interest paid	(12,030,633)	(21,470,730)
	<u>(36,160,824)</u>	<u>(25,200,249)</u>
<b>Net cash provided by (used in) capital and related financing activities</b>		
Net increase (decrease) in cash and restricted cash	210,499	185,826
Cash, beginning of period	1,483,194	1,306,529
Cash, end of period	<u>\$ 1,693,693</u>	<u>1,492,355</u>
Cash and restricted cash are presented in the accompanying statements of net position as follows:		
Cash	\$ 1,658,770	1,459,131
Restricted cash	34,923	33,224
	<u>\$ 1,693,693</u>	<u>1,492,355</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income (loss)	\$ 18,540,778	15,884,459
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	201,442	135,635
(Increase) decrease in operating assets:		
Accounts receivable	491,323	917,445
Lease receivable	283,621	270,302
Prepaid expenses and other assets	268,286	263,928
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	76,335	(30,222)
Lease liabilities	(269,020)	(269,020)
Unearned revenue	103,433	(61,279)
	<u>\$ 19,696,198</u>	<u>17,111,248</u>
<b>Net cash provided by operating activities</b>		

**Chesapeake Bay Bridge and Tunnel District  
Statement of Cash & Investments  
As of September 30, 2024**

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<b><u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u></b>			
<b>Unrestricted:</b>			
Revenue Fund	\$ 1,143,465	4,494,614	5,638,079
Operations & Maintenance Reserve Fund	-	5,042,962	5,042,962
Reserve Maintenance Fund	313,173	20,252,905	20,566,078
General Fund	<u>202,132</u>	<u>320,425,521</u>	<u>320,627,653</u>
	<u>1,658,770</u>	<u>350,216,002</u>	<u>351,874,772</u>
<b>Restricted:</b>			
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	207,114,716	207,114,716
Series 2016 Interest Fund	-	3,962,520	3,962,520
Series 2021 TIFIA Interest Fund	-	1,717,719	1,717,719
Series 2021 TIFIA Principal Fund	-	156,918	156,918
Series 2016 VTIB Interest Fund	-	371,683	371,683
Series 2016 VTIB Principal Fund	-	23,200	23,200
TIFIA Debt Service Reserve Fund	-	21,080,105	21,080,105
VTIB Debt Service Reserve Fund	<u>-</u>	<u>3,450,143</u>	<u>3,450,143</u>
	<u>-</u>	<u>237,877,004</u>	<u>237,877,004</u>
<b><u>OTHER RESTRICTED ASSETS:</u></b>			
Restricted Asset Forfeited Property Account	34,923	-	34,923
<b>Totals</b>	<u>\$ 1,693,693</u>	<u>588,093,006</u>	<u>589,786,699</u>



**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**

As of September 30, 2024

Unrestricted investments at fair market value as of September 30, 2024 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>General Revenue Bond - Revenue Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	\$ 4,494,614
<u>General Revenue Bond - Operations &amp; Maintenance Reserve Fund</u>			
US Treasury Notes	4.625%	6/30/2025	5,032,357
Truist Bank Trust Deposit	Variable	Not Fixed	10,605
			<u>5,042,962</u>
<u>GR Reserve Maintenance Fund</u>			
US Treasury Notes	4.375%	10/31/24	1,099,469
US Treasury Notes	2.250%	11/15/24	1,699,527
US Treasury Notes	1.000%	12/15/24	1,421,483
US Treasury Notes	4.125%	01/31/25	1,088,169
US Treasury Notes	1.500%	02/15/25	3,560,202
US Treasury Notes	2.625%	04/15/25	1,110,340
US Treasury Notes	4.500%	04/15/27	4,009,325
Truist Bank Trust Deposit	Variable	Not Fixed	6,264,390
			<u>20,252,905</u>
<u>GR General Fund</u>			
US Treasury Bills	Discount	10/24/24	996,988
US Treasury Bills	Discount	11/21/24	332,802
US Treasury Notes	1.000%	12/15/24	1,851,303
Fannie Mae Notes	1.625%	01/07/25	1,304,413
Freddie Mac Notes	1.500%	02/12/25	2,378,324
US Treasury Notes	1.500%	02/15/25	494,473
US Treasury Notes	0.500%	03/31/25	2,452,755
Federal Home Loan Bank Notes	0.500%	04/14/25	2,238,859
Fannie Mae Notes	0.625%	04/22/25	1,626,486
Fannie Mae Notes	0.625%	04/22/25	2,988,424
Colgate-Palmolive Co. Corp. Notes	7.600%	05/19/25	2,351,394
US Treasury Notes	0.250%	05/31/25	1,656,092
Fannie Mae Notes	0.500%	06/17/25	3,444,373
Fannie Mae Notes	0.500%	06/17/25	2,128,983
Fannie Mae Notes	0.500%	06/17/25	1,188,723
US Treasury Notes	3.000%	07/15/25	649,668
US Treasury Notes	3.000%	07/15/25	3,054,926
Freddie Mac Notes	4.050%	07/21/25	4,988,900
Freddie Mac Notes	0.375%	07/21/25	1,286,949
US Treasury Notes	0.250%	07/31/25	10,247,323
Federal Home Loan Bank Notes	4.100%	08/08/25	4,992,205
Fannie Mae Notes	0.500%	08/14/25	2,245,015
Fannie Mae Notes	0.375%	08/25/25	2,070,692
Federal National Mortgage Corporation Notes	0.375%	08/25/25	2,322,271
Freddie Mac Notes	4.050%	08/28/25	4,990,490
Fannie Mae Notes	4.000%	08/28/25	4,985,545
US Treasury Notes	0.250%	08/31/25	1,763,421
US Treasury Notes	0.250%	08/31/25	1,246,473
Freddie Mac Notes	0.375%	09/23/25	3,031,394
US Treasury Notes	0.250%	09/30/25	1,975,944
US Treasury Notes	0.250%	09/30/25	3,301,272
US Treasury Notes	4.250%	10/15/25	9,508,146

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**

As of September 30, 2024

Unrestricted investments at fair market value as of September 30, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
Fannie Mae Notes	0.500%	10/20/25	\$ 2,300,751
Microsoft Corporation	3.125%	11/03/25	2,362,359
Fannie Mae Notes	0.500%	11/07/25	2,169,971
Bank of NY Mellon Notes	5.224%	11/21/25	4,065,772
US Treasury Notes	0.375%	12/31/25	2,922,043
US Treasury Notes	0.375%	12/31/25	1,700,533
US Treasury Notes	0.375%	12/31/25	1,820,289
US Treasury Notes	0.375%	12/31/25	3,745,964
US Treasury Notes	0.375%	12/31/25	2,069,382
US Treasury Notes	0.375%	01/31/26	10,240,776
US Treasury Notes	0.375%	01/31/26	1,768,123
US Treasury Notes	0.750%	04/30/26	10,174,885
Proctor & Gamble Corporation	1.000%	04/23/26	3,534,168
US Treasury Notes	0.750%	05/31/26	1,076,237
US Treasury Notes	0.750%	05/31/26	1,428,633
US Treasury Notes	2.125%	05/31/26	3,313,273
US Treasury Notes	0.875%	06/30/26	7,096,997
US Treasury Notes	0.625%	07/31/26	3,203,056
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,322,328
US Treasury Notes	1.500%	08/15/26	1,153,078
US Treasury Notes	0.875%	09/30/26	6,998,847
US Treasury Notes	1.625%	10/31/26	4,285,355
US Treasury Notes	2.000%	11/15/26	1,449,903
US Treasury Notes	2.000%	11/15/26	4,267,548
US Treasury Notes	1.250%	12/31/26	4,960,484
GNMA Pool #5276	3.000%	01/01/27	41,538
US Treasury Notes	4.000%	01/15/27	2,524,962
US Treasury Notes	1.500%	01/31/27	4,283,245
Microsoft Corporation	3.300%	02/06/27	2,476,500
US Treasury Notes	1.875%	02/28/27	2,179,466
US Treasury Notes	1.875%	02/28/27	3,302,802
GNMA Pool #794283	3.500%	03/01/27	13,545
FHMS K064 A2	3.224%	03/01/27	3,244,722
US Treasury Notes	2.500%	03/31/27	4,324,840
GNMA Pool #MA0007	3.000%	04/01/27	81,670
Federal Home Loan Mortgage Corporation Notes	3.243%	04/01/27	1,828,805
US Treasury Notes	2.750%	04/30/27	1,297,414
US Treasury Notes	4.500%	04/15/27	3,896,961
Chevron Corporation	1.995%	05/11/27	2,339,733
US Treasury Notes	4.500%	05/15/27	2,555,763
US Treasury Notes	2.625%	05/31/27	4,828,185
Federal Home Loan Mortgage Corporation Notes	3.117%	06/01/27	2,846,402
US Treasury Notes	3.250%	06/30/27	3,142,386
US Treasury Notes	3.250%	06/30/27	3,419,947
Blackrock Funding Inc. Corporate Notes	4.600%	07/26/27	1,437,044
US Treasury Notes	2.750%	07/31/27	4,642,755
Meta Platforms Inc.	3.500%	08/15/27	4,461,228
US Treasury Notes	3.125%	08/31/27	1,421,607
US Treasury Notes	3.125%	08/31/27	3,479,975
Johnson & Johnson	0.950%	09/01/27	4,633,055
US Treasury Notes	4.125%	09/30/27	3,920,614
US Treasury Notes	4.125%	10/31/27	4,544,398

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS (CONTINUED)**

As of September 30, 2024

Unrestricted investments at fair market value as of September 30, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
US Treasury Notes	4.125%	10/31/27	\$ 2,564,158
US Treasury Notes	2.250%	11/15/27	3,102,819
US Treasury Notes	3.875%	11/30/27	3,801,660
US Treasury Notes	3.875%	12/31/27	2,583,501
US Treasury Notes	3.875%	12/31/27	4,087,179
US Treasury Notes	3.500%	01/31/28	6,108,971
US Treasury Notes	4.000%	02/29/28	2,026,406
US Treasury Notes	3.625%	03/31/28	5,383,401
Freddie Mac Structured Pass-Thru Certificate K507 A1	4.800%	04/01/28	3,158,337
Freddie Mac Structured Pass-Thru Certificate KJ47 A1	5.272%	08/01/28	1,892,944
Freddie Mac Structured Pass-Thru Certificate K507 A2	4.800%	09/01/28	3,384,896
Freddie Mac Structured Pass-Thru Certificate K509 A2	4.850%	09/01/28	2,585,991
Freddie Mac Structured Pass-Thru Certificate K510 A2	5.069%	10/01/28	1,320,910
Freddie Mac Structured Pass-Thru Certificate K511 A2	4.860%	10/01/28	1,908,378
Freddie Mac Structured Pass-Thru Certificate K512 A2	5.000%	11/01/28	1,737,222
Freddie Mac Structured Pass-Thru Certificate K514 A2	4.572%	12/01/28	1,762,527
Roche Holdings, Inc	1.930%	12/31/28	4,599,590
Freddie Mac Structured Pass-Thru Certificate K515 A2	5.400%	01/01/29	3,098,842
Freddie Mac Structured Pass-Thru Certificate K516 A2	5.477%	01/01/29	3,104,556
Freddie Mac Structured Pass-Thru Certificate K517 A2	5.355%	01/25/29	2,767,987
Fannie Mae Pool #1084	3.500%	06/01/32	208,348
Truist Bank Trust Deposit	Variable	Not Fixed	541,555
			<u>61,730,180</u>
			<u>320,425,521</u>
Total unrestricted investments			<u>\$ 350,216,002</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**

As of September 30, 2024

Restricted investments at fair market value as of September 30, 2024 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
US Treasury Notes	1.750%	12/31/24	\$ 3,544,342
US Treasury Notes	1.750%	12/31/24	15,001,404
US Treasury Notes	1.750%	12/31/24	168,981
Freddie Mac Notes	0.375%	09/23/25	2,350,778
Truist Bank Trust Deposit	Variable	Not Fixed	14,600
			<u>21,080,105</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Notes	1.750%	12/31/24	953,100
US Treasury Notes	1.750%	12/31/24	2,114,692
Freddie Mac Notes	0.375%	09/23/25	347,548
Truist Bank Trust Deposit	Variable	Not Fixed	34,803
			<u>3,450,143</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
US Treasury Notes	1.750%	12/31/24	1,326,398
US Treasury Notes	1.750%	12/31/24	1,319,448
US Treasury Notes	1.750%	12/31/24	1,313,492
Truist Bank Trust Deposit	Variable	Not Fixed	3,182
			<u>3,962,520</u>
<u>General Revenue Bond - Series 2016 VTIB Principal Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	23,200
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
US Treasury Notes	1.750%	12/31/24	124,102
US Treasury Notes	1.750%	12/31/24	123,109
US Treasury Notes	1.750%	12/31/24	123,109
Truist Bank Trust Deposit	Variable	Not Fixed	1,363
			<u>371,683</u>
<u>General Revenue Bond - Series 2021 TIFIA Interest Sinking Fund</u>			
US Treasury Notes	1.750%	12/31/24	568,882
US Treasury Notes	1.750%	12/31/24	571,860
US Treasury Notes	1.750%	12/31/24	574,839
Truist Bank Trust Deposit	Variable	Not Fixed	2,138
			<u>1,717,719</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**  
**SCHEDULE OF INVESTMENTS**

As of September 30, 2024

Restricted investments at fair market value as of September 30, 2024 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>Series 2019 BANs Thimble Shoal Tunnel Project Fund</u>			
US Treasury Notes	2.125%	11/30/24	25,628,391
US Treasury Notes	3.875%	03/31/25	25,428,059
US Treasury Notes	5.000%	10/31/25	25,549,360
US Treasury Notes	3.875%	01/15/26	19,974,364
US Treasury Notes	4.250%	01/31/26	30,278,524
US Treasury Notes	3.750%	04/15/26	20,209,212
Local Government Investment Pool SNAP	Variable	Not Fixed	59,028,831
Truist Bank Trust Deposit	Variable	Not Fixed	1,017,975
			<u>207,114,716</u>
<u>General Revenue Bond - Series 2021 TIFIA Principal Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	156,918
Total restricted investments			<u>213,346,755</u>
Total investments			<u>563,562,758</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

**Vehicular Traffic Statistics**

DESCRIPTION/CLASS	CURRENT YEAR				
	July <u>2024</u>	August <u>2024</u>	September <u>2024</u>	3 Months Ended <u>09/30/24</u>	12 Months Ended <u>09/30/24</u>
<b>Cars/Light Trucks:</b>					
Class 1	359,541	377,814	251,457	988,812	3,035,593
Class 1 Round Trip	45,202	45,214	38,169	128,585	472,534
Class 1 Commuter	17,333	18,413	17,795	53,541	218,591
Class 2	4,555	4,531	3,335	12,421	34,248
Class 2 Round Trip	534	562	459	1,555	5,137
Class 3	7,141	6,588	5,267	18,996	56,222
Class 3 Round Trip	723	782	663	2,168	7,559
Class 4	307	329	303	939	3,400
Class 4 Round Trip	33	23	28	84	383
Sub Total	<u>435,369</u>	<u>454,256</u>	<u>317,476</u>	<u>1,207,101</u>	<u>3,833,667</u>
<b>Heavy Trucks:</b>					
Class 9	5,947	5,810	5,097	16,854	61,767
Class 10	1,735	1,754	1,730	5,219	19,631
Class 11	1,552	1,410	1,459	4,421	16,063
Class 12	28,485	26,683	25,114	80,282	304,140
Class 13	460	463	451	1,374	5,273
Class 16	39	26	18	83	321
Sub Total	<u>38,218</u>	<u>36,146</u>	<u>33,869</u>	<u>108,233</u>	<u>407,195</u>
<b>Buses:</b>					
Class 8	134	115	253	502	2,179
Class 14	114	59	64	237	520
Class 15	515	481	493	1,489	5,661
Sub Total	<u>763</u>	<u>655</u>	<u>810</u>	<u>2,228</u>	<u>8,360</u>
Totals	<u>474,350</u>	<u>491,057</u>	<u>352,155</u>	<u>1,317,562</u>	<u>4,249,222</u>

DESCRIPTION/CLASS	PRIOR YEAR				
	July <u>2023</u>	August <u>2023</u>	September <u>2023</u>	3 Months Ended <u>09/30/23</u>	12 Months Ended <u>09/30/23</u>
<b>Cars/Light Trucks:</b>					
Class 1	395,034	376,916	267,054	1,039,004	3,116,745
Class 1 Round Trip	44,913	43,938	37,800	126,651	457,064
Class 1 Commuter	16,632	19,872	17,929	54,433	210,549
Class 2	5,262	4,687	3,529	13,478	36,375
Class 2 Round Trip	549	541	461	1,551	5,117
Class 3	7,812	6,781	5,240	19,833	57,905
Class 3 Round Trip	664	748	626	2,038	7,297
Class 4	304	329	325	958	3,432
Class 4 Round Trip	23	41	24	88	337
Sub Total	<u>471,193</u>	<u>453,853</u>	<u>332,988</u>	<u>1,258,034</u>	<u>3,894,821</u>
<b>Heavy Trucks:</b>					
Class 9	5,883	5,728	5,146	16,757	60,347
Class 10	1,651	1,723	1,617	4,991	20,126
Class 11	1,555	1,578	1,465	4,598	16,528
Class 12	26,631	27,643	23,843	78,117	296,288
Class 13	426	410	396	1,232	4,201
Class 16	28	21	27	76	399
Sub Total	<u>36,174</u>	<u>37,103</u>	<u>32,494</u>	<u>105,771</u>	<u>397,889</u>
<b>Buses:</b>					
Class 8	74	97	152	323	1,543
Class 14	114	70	58	242	552
Class 15	486	468	484	1,438	5,666
Sub Total	<u>674</u>	<u>635</u>	<u>694</u>	<u>2,003</u>	<u>7,761</u>
Totals	<u>508,041</u>	<u>491,591</u>	<u>366,176</u>	<u>1,365,808</u>	<u>4,300,471</u>

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2024

### (1) Organization and Summary of Operations

The Chesapeake Bay Bridge and Tunnel District (the District) was created as a political subdivision of the Commonwealth of Virginia by Chapter 693 of the Acts of Virginia of 1954. Chapter 693 was subsequently amended by the following Chapters of the Acts of Virginia: Chapters 462 and 714 of the 1956 Session, Chapter 24 of the 1959 Extra Session, Chapters 228 and 605 of the 1962 Session, Chapter 348 of the 1964 Session, Chapter 203 of the 1990 Session, Chapter 548 of the 1998 Session, Chapters 238 and 705 of the 2000 Session, and Chapters 270 and 297 of the 2005 Session, (collectively, the Acts). All such Acts have been codified into Title 33.2 Code of Virginia, Chapter 22. The District comprises the area, all within the Commonwealth of Virginia, in Accomack and Northampton Counties, the Cities of Virginia Beach, Hampton, Newport News, Chesapeake, Norfolk, and Portsmouth, and the area of the Chesapeake Bay between these subdivisions.

By the Acts, the Chesapeake Bay Bridge and Tunnel Commission (the Commission) was created as the governing body of the District. These Acts authorized the Commission to acquire, establish, construct, maintain, repair, and operate a project comprising public ferry service over and across the waters between any two points within the boundaries of the District, where such public ferry services would form a connecting link in the system of state highways.

Under the Acts, the Commission was also authorized to establish, construct, maintain, repair, and operate a bridge or tunnel or a bridge and tunnel project from any point within the boundaries of the District to a point in the County of Northampton, including such approaches and approach highways as the Commission deemed necessary to facilitate the flow of traffic in the vicinity of such project or to connect such project with the highway system or other facilities in the state.

The Chesapeake Bay Bridge and Tunnel (the Bridge-Tunnel) is a 20-mile, four-lane trestle and bridge and two-lane tunnel crossing at the mouth of the Chesapeake Bay between the City of Virginia Beach and Northampton County on the Eastern Shore of Virginia. The Bridge-Tunnel consists principally of low-level trestles, four bridges, two tunnels, approach highways, and an earth-fill causeway. The Bridge-Tunnel is designated as part of U.S. Route 13, the main north-south highway on Virginia's Eastern Shore and the only direct link between Virginia's Eastern Shore and the metropolitan area of south Hampton Roads, Virginia.

The District sold a revenue bond issue of \$200,000,000 (1960 Bonds) under a Trust Indenture dated July 1, 1960, and constructed the two-lane bridge and tunnel project. The project was opened to traffic on April 15, 1964. The Commission discontinued ferry service following the opening of the two-lane bridge and tunnel project.

On April 15, 1964, the Bridge-Tunnel opened as a two-lane facility. A three-staged parallel crossing project began in 1995. Stage 1 of this project was completed in April 1999. This stage included construction of parallel trestles, bridges, roadways, and rehabilitation of the original two-lane facility. Stage 2 is ongoing and will consist of construction of an additional two-lane tunnel under Thimble Shoal Channel. Stage 3 will complete the parallel crossing with construction of an additional two-lane tunnel under Chesapeake Channel.

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2024

### **(2) Summary of Significant Accounting Policies**

The District is accounted for under the economic resources measurement focus and the accrual basis of accounting as a special-purpose government engaged in business-type activities, which follows enterprise fund reporting. Special-purpose governments engaged in business-type activities are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from the District's ongoing operations. Operating revenues include revenue from toll collection, recognized when travelers cross the bridge and tunnel, and lease income. Operating expenses include District facility and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The statements of net position reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the residual net position of the District. Deferred outflows of resources are defined as a consumption of net position by the District that is applicable to a future reporting period. Similarly, deferred inflows of resources are defined as an acquisition of net position by the District that is applicable to a future reporting period.

#### **(a) Cash and Investments**

Cash includes cash on hand and various checking accounts.

In accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), the District reports its investment securities at fair market value. Fair market value is determined as of the statements of net position date. The fair value is based on either quotations obtained from national security exchanges or on the basis of quotations provided by a pricing service, which uses information with respect to transactions on bonds, quotations from bond dealers, market transactions in comparable securities, and various relationships between securities.

#### **(b) Restricted Assets**

In accordance with applicable covenants of certain bond issues, cash, investments, and accrued interest receivables have been appropriately restricted. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources, as they are needed.



## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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### **(c) Capital Assets**

The bridge and tunnel assets and construction in progress are stated at cost and include previously capitalized interest. In FY2020, the District implemented Governmental Accounting Standards Board (“GASB”) Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Project which no longer requires the capitalization of interest during construction projects beginning with FY2020. The new statement is only applied prospectively. No provision for depreciation or obsolescence of the Bridge-Tunnel facilities is provided as the District has adopted the modified approach to account for these assets. All other assets excluding bridges and tunnel assets are being depreciated straight-line over their estimated useful lives of three years up to 50 years.

### **(d) Net Position**

Net position is classified into four different components: net investment in capital assets, restricted for debt service, restricted for forfeited property, and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Net position restricted for debt service is reported when constraints are placed on the use of assets either externally by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislations. Net position restricted for forfeited property represents assets lawfully seized by the District’s police and restricted for expenditures in accordance with the Virginia Department of Criminal Justice regulations. Unrestricted net position contains the revenue fund, reserve maintenance fund, and the general fund net position. The reserve maintenance fund and general fund are expended to preserve the capital assets by planned and unplanned extraordinary maintenance projects. The general fund will also be used for current and future construction projects.

### **(e) Management’s Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows and liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **(f) Revenue Recognition**

Toll revenues represent the tolls collected, net of any deductions such as credit card fees, EZ Pass fees and medical and educational toll discounts. Revenues are recognized when earned.

### **(g) Accounts Receivable**

A significant portion of the District’s toll revenues are collected electronically via credit card, debit card or E-ZPass. E-ZPass allows tolls to be paid from a prepaid account between a participating group of toll agencies throughout the northeastern and mid-Atlantic United States. The payment of the tolls is governed by a reciprocal agreement between the participating agencies. Electronic toll payment via all three methods is usually received within one to three days following the toll charge.

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

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The lagged toll payment is recorded as a receivable on the District's statement of net position. In management's estimate an allowance for doubtful account is unnecessary given the reliability of payment under the reciprocal agreement.

### **(h) Pensions**

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources, related to pensions, and pension expense, information about the fiduciary net position of the District's Retirement Plan and the additions to/deductions from the District's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### **(i) Postemployment benefits other than pensions (OPEB)**

District employees participate in two postemployment benefits other than pensions (other postemployment benefits or OPEB) plans:

The Chesapeake Bay Bridge and Tunnel District Retiree Health Insurance Plan ("RHIP") is a single employer, defined benefit plan that provides health, vision and dental benefit plans for eligible members through a self-funded plan administered by the District. For purposes of measuring the net RHIP OPEB liability, deferred outflows of resources and deferred inflows of resources related to RHIP OPEB, and RHIP OPEB expense, information about the fiduciary net position of the RHIP and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHIP. For this purpose, the RHIP recognizes benefit payments when due and payable in accordance with the benefit terms.

The VRS Group Life Insurance Program is a multiple employer, cost sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of VRS Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2024

### **(j) *Deferred Outflows and Inflows of Resources***

Deferred outflows of resources are defined as a consumption of net position by the District that is applicable to a future reporting period. Similarly, deferred inflows of resources are defined as an acquisition of net positions by the District that is applicable to a future reporting period. The pension and OPEB deferred inflows and outflows related to the difference between expected and actual experience and changes in assumptions are recognized using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans. The pension and OPEB deferred inflows and outflows related to investment experience are recognized using a systematic and rational method over a closed five-year period. The pension and OPEB deferred outflows of resources related to contributions subsequent to the measurement date are recognized as a reduction of the net pension and OPEB liabilities in the subsequent fiscal year. The deferred inflows from leases are recognized as lease revenue by using straight-line amortization over the life of the lease.

### **(k) *Subscription Based Information Technology Arrangements***

The District implemented GASB Statement No. 96 – *Subscription Based Information Technology Arrangements* (SBITAs) effective July 1, 2022. The requirements of this Standard provide guidance on the accounting and financial reporting for SBITAs for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right- to-use subscription asset and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Upon review, the District concluded that SBITA's are immaterial and do not warrant disclosure.

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2024

### (3) Cash Deposits and Investments

#### (a) Deposits

The bank balance of the District's deposits (unrestricted and restricted) was \$1,418,733 and \$1,685,695 at September 30, 2024 and 2023, respectively. The entire bank balance was covered for both fiscal years by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (VSPD Act). In accordance with the VSPD Act, the District's depository institution pledged collateral in the form of federal agency obligations with a market value equal to 110% of the District's deposits with a first-party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event that the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the District up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the VSPD Act and for notifying local governments of compliance by banks.

#### (b) Investments

The District is authorized to invest in obligations of the United States or agencies thereof; obligations of any state or territory of the United States and any political subdivision thereof; obligations permitted by the laws of the Commonwealth of Virginia; repurchase agreements with respect to the foregoing obligations; certificates of deposit, time deposits, or interest in money market portfolios issued by any bank, banking association, savings and loan association, or trust company insured by the FDIC or Federal Savings and Loan Insurance Corporation; commercial paper, shares in one or more open-ended investment funds provided that the funds are registered under the State Securities Act or the Federal Investment Company Act; bankers' acceptances; and units representing beneficial interests in investment pools created pursuant to the Government Non-Arbitrage Investment Act of the Commonwealth of Virginia.

#### (c) Credit Risk

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As required by state statute, the policy requires that commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investors Service, and Duff and Phelps. Corporate notes, negotiable certificates of deposit, and bank deposit, notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service.

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending  
September 30, 2024

The District’s investment securities using the Standard & Poor’s credit quality ratings scale are presented below:

Investment Type		Standard & Poors Credit Rating					Total
		AAA	AA+	AA	AA-	A-1+	
U.S. treasuries	\$	-	389,217,156	-	-	1,329,790	390,546,946
U.S. agencies		-	55,381,093	-	-	-	55,381,093
Federal agency mortgage-backed		-	345,102	-	-	-	345,102
Federal agency commercial-backed		-	34,642,520	-	-	-	34,642,520
Corporate notes		9,471,914	5,673,722	4,599,590	15,837,945	-	35,583,171
	\$	9,471,914	485,259,593	4,599,590	15,837,945	1,329,790	516,498,832

**(d) Concentration of Credit Risk**

The District’s investment policy establishes guidelines on portfolio composition by investment type in order to control concentration of credit risk. As of September 30, 2024, the District’s portfolio was invested as follows:

Investment Type	2024 Fair Value	Percentage of Portfolio
U.S. treasuries	\$ 390,546,946	66.41%
U.S. agencies	55,381,093	9.42%
Federal agency mortgage-backed	345,102	0.10%
Federal agency commercial-backed	34,642,520	5.89%
Corporate notes	35,583,171	6.05%
Money market funds	71,594,174	12.17%
	\$ 588,093,006	100.0%

**(e) Interest Rate Risk**

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The District’s investment policy limits the investment of funds as a means of limiting exposure to fair value losses. Investments in the General Resolution General Fund are limited to investments with maturities that are consistent with the schedule of planning, development, and construction of parallel tunnels that would complete the parallel crossing. Investments are selected based on the current perception of the direction of interest rates with a greater emphasis on yield and a lesser emphasis on liquidity.

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2024

Proceeds from the sale of bonds issued by the District are invested in compliance with the specific requirements of the bond covenants without further restriction as to the maximum term of securities purchased.

As of September 30, 2024, the District had the following investments and maturities:

<b>Investment Type</b>	<b>Investment maturities (in years)</b>				
	<b>Less than 1 Year</b>	<b>Between 1 to 3 Years</b>	<b>Greater than 3 Years</b>	<b>Not Fixed</b>	<b>Total</b>
U.S. treasuries	\$ 118,641,980	237,702,473	34,202,493	-	390,546,946
U.S. agencies	50,910,372	4,470,721	-	-	55,381,093
Federal agency mortgage-backed	-	136,754	208,348	-	345,102
Federal agency commercial-backed	-	7,919,928	26,722,592	-	34,642,520
Corporate notes	2,351,394	28,632,187	4,599,590	-	35,583,171
Money market funds	-	-	-	71,594,174	71,594,174
	<u>\$ 171,903,746</u>	<u>278,862,063</u>	<u>65,733,023</u>	<u>71,594,174</u>	<u>588,093,006</u>

**(f) Summary of Changes in Fair Value of Investments**

The calculation of realized gains and losses is independent of the calculation of the change in fair value (including purchases and sales) that occurred during the year. Realized gains and losses on investments that were held by the District during previous years, but sold during the current year, were used to compute the change in fair value of investments for the previous year as well as the current year. The change in fair value of investments for the quarter ended September 30, 2024 is calculated as follows:

	<b>Q1 FY25</b>
Investment Fair Value at end of period	\$ 588,093,006
Add:	
Proceeds from sales and maturities during the period	203,845,503
Less:	
Cost of investments purchased during the period	(192,017,502)
Fair value of investments at beginning of period	(590,895,038)
Change in fair value of investments	<u>\$ 9,025,970</u>

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

September 30, 2024

### (4) Capital Assets

Capital assets include bridge and tunnel assets, capitalized interest and financing expenses, and other capital assets. The bridges, trestles, approach roads, Fisherman Island Causeway, tunnels, portal islands with all attached improvements, toll plaza infrastructure and the rest area facility, and site-wide utilities are classified as bridge and tunnel assets. Capitalized interest and financing expenses include the amount of money that was funded from the 1960 Bonds issued for debt service and associated costs of the bonds during construction until the opening of the Bridge-Tunnel in 1964. Miscellaneous capital assets include all other assets that the District has capitalized such as land, buildings, fleet vehicles, and equipment.

The District utilizes the modified approach to infrastructure reporting on bridge and tunnel assets and capitalized interest and financing expenses. In lieu of reporting depreciation on bridge and tunnel assets, the costs incurred for maintaining bridge and tunnel assets at the condition level that is specified by Commission policy are reported as preservation expenses on the accompanying statements of revenues, expenses, and changes in net position.

The District has elected to continue to use the traditional approach or depreciation method for buildings, fleet vehicles, and equipment that are depreciable, as stipulated in the District's Capital Asset Policy.

U.S. generally accepted accounting principles (GAAP) requires that governmental entities that utilize the modified approach for infrastructure reporting must have their governing board set a policy for the condition levels at which modified approach assets will be maintained. GAAP also requires that a first party perform condition level assessments of the modified approach assets annually and that the condition levels for the current and prior two fiscal years be disclosed in the notes to the financial statements.

The Commission's preservation policy is to maintain 90% of the bridge and tunnel assets at a maintenance rating program (MRP) condition level of "good" or better.

Jacob's Engineering, Inc., the District's consulting engineer, has inspected the District's bridge and tunnel assets. Jacob's Engineering, Inc. determines the MRP condition level for the bridge and tunnel assets as a *numeric scaled rating*. The *numeric scaled rating* is based on a condition index utilized by the Virginia Department of Transportation whereby 0 is a failed condition level and 9 is an excellent condition level. The table below defines the *numeric scaled ratings* assigned by Jacob's Engineering, Inc.:

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Quarterly Report for the Period Ending

September 30, 2024

**MRP Numeric code scale**

<b>Numeric code</b>	<b>Narrative code</b>	<b>Definition</b>
9	Excellent	Component/Element has been recently put in service or remains in new condition
8	Very Good	No problems noted, potential exists for minor preventative maintenance
7	Good	Potential exists for minor maintenance
6	Satisfactory	Potential exists for major maintenance
5	Fair	Potential exists for minor repair or rehabilitation
4	Poor	Potential exists for major repair or rehabilitation
3	Serious	Major repair or rehabilitation required
2	Critical	The need for repair or rehabilitation is urgent. Component/Element should be taken out of service until indicated repair is complete.
1	Imminent Failure	Component is out of service; study feasibility for repair or rehabilitation
0	Failed	Component is out of service and beyond repair, replacement required

The following two tables derive percentages in different ways. Trestles and bridges that have an MRP *numeric* condition level are described as a percentage of lane miles. All other bridge and tunnel assets that have an MRP *numeric* condition level are described as a percentage of that specific bridge and tunnel asset.

The following tables detail the MRP condition level of bridge and tunnel assets for the last three years:

**Percentage of capital assets at an MRP condition Level 7 or better**

<b>Bridge and tunnel assets</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	89	89	89
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

**Percentage of land miles at an MRP condition Level 7 or better**

<b>Bridge and tunnel assets</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	84
Parallel crossing trestles	100	100	100



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**(5) General Resolution Revenue Bonds**

Bond activity for Q1 FY25 was as follows:

	Balance June 30, 2024	Bond proceeds	Amortization of costs, premiums, discounts, net	Principal payments	Balance September 30, 2024	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	29,020,499	-	(383,939)	-	28,636,560	-
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	626,278
VTIB Series 2016	50,073,856	-	-	-	50,073,856	92,637
	\$ <u>739,138,027</u>	<u>-</u>	<u>(383,939)</u>	<u>-</u>	<u>738,754,088</u>	<u>718,915</u>

In July 2016, the Commission awarded a contract to Chesapeake Tunnel Joint Venture to design and build the Parallel Thimble Shoal Tunnel Project (the "Project"). On October 24, 2016, to finance the costs of the Project, the Commission adopted and approved a new General Revenue Bond Resolution (the "2016 Resolution") along with three Supplemental Resolutions authorizing the issuance of \$321,515,000 First Tier General Resolution Revenue Bonds, Series 2016 (the "Series 2016 Bonds"), a loan from the United States Department of Transportation under the TIFIA program (the "TIFIA Loan") in the amount of up to \$338,528,672, plus capitalized interest and a loan from the Virginia Transportation Infrastructure Bank (the "VTIB Loan") in the amount of up to \$50,000,000, plus capitalized interest.

The Series 2016 Bonds are term bonds maturing from July 1, 2041 through July 1, 2055 with coupon interest rate of 4.0% to 5.0%. The proceeds from the Series 2016 Bonds, along with the proceeds of the TIFIA Loan and VTIB Loan and cash contributed by the District will be utilized to finance the development and construction of the Parallel Thimble Shoal Tunnel Project. The remaining portion of the proceeds from the Series 2016 Bonds will be utilized to (i) pay capitalized interest on a portion of the Series 2016 Bonds to and including July 1, 2021, (ii) to obtain a municipal bond debt service reserve insurance policy for the Series 2016 Bonds, and (iii) to pay the related issuance expenses, including bond insurance premiums.

The Series 2016 Bonds are subject to optional redemption prior to maturity by the District on or after July 1, 2026, in whole or in part, at par plus accrued interest. The Series 2016 Bonds are subject to mandatory sinking fund redemption in part prior to maturity on July 1 of each year starting in 2035.

The 2041 Term Bond and the 2055 Term Bond are insured by Assured Guaranty Municipal Corporation. The Series 2016 Bonds Debt Service Reserve Fund Requirement of \$24,774,566 is secured by a debt service reserve fund policy also issued by Assured Guaranty Municipal Corporation.

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On November 23, 2021, the original 2016 TIFIA Loan was terminated and replaced by a new 2021 TIFIA Loan as part of a refinancing. The material terms of the TIFIA Loan remained unchanged except for a reduction in the interest rate from 2.88% to 2.01%. The outstanding balance of the 2016 TIFIA Loan of \$9,547,850 plus accrued interest was repaid and a new loan for the same amount of \$338,528,672 was issued. The 2021 TIFIA Loan and the VTIB Loan are issued on the Subordinate Lien of the 2016 Resolution and bear interest rates of 2.01% and 2.90%, respectively. The loans do not incur interest until drawn. The first semi-annual interest repayment for the VTIB Loan commenced January 1, 2021. The first semi-annual interest repayment for the 2021 TIFIA Loan will commence after the initial disbursement of the loan. The first annual principal repayment for both loans is scheduled to commence on July 1, 2025. Final repayment on both loans is July 1, 2054.

On August 13, 2019, the District issued First Tier General Resolution Revenue Bond Anticipation Notes, Series 2019 in the aggregate principal amount of \$378,140,000 pursuant to its General Revenue Bond Resolution, adopted by the Commission on October 24, 2016 (the "General Resolution") and its First Supplemental Resolution, adopted by the Commission on July 9, 2019 (the "First Supplemental Resolution"). The Series 2019 BANs will mature on November 1, 2023. The proceeds of the Series 2019 BANs will be used to provide funds to pay capitalized interest on the Series 2019 BANs, finance a portion of the costs of the Parallel Thimble Shoal Tunnel Project, and pay certain costs of issuing the Series 2019 BANs. The Series 2019 BANs are being issued in anticipation of the proceeds to be received by the District from disbursements requisitioned by the District in accordance with the terms of the TIFIA Loan Agreement and the VTIB Loan Agreement. The issuance by the District of the Series 2019 BANs as interim financing in anticipation of the receipt of the TIFIA Loan and VTIB Loan proceeds is expected to provide substantial interest cost savings for the District.

On December 27, 2022, the District received a draw on the outstanding TIFIA loan and the VTIB loan in the amounts of \$338,528,672 and \$48,663,510, respectively. The funds from these two loans secure the District's outstanding Series 2019 BANs. The funds from the two draws were utilized to purchase a Federal Home Loan Bank Note investment that matured on the same date as the maturity of the Series 2019 BANs. The District earned approximately \$8.9 million in additional interest income as a result of this transaction.

The underlying credit rating on the Series 2016 Bonds is Baa2 and BBB by Moody's Investors Service and S&P Global Ratings, respectively. The TIFIA Loan is also rated Baa2 and BBB by Moody's Investors Service and S&P Global Ratings, respectively. The VTIB Loan is unrated.

The bond premiums for General Resolution Revenue Bonds are being accreted using the straight-line method, which is not materially different from using the effective-interest method, over the period the bonds will be outstanding.

Tolls and other revenues derived from the operation of the Bridge-Tunnel are pledged as security for the General Resolution Revenue Bonds. The General Revenue Bond Resolution includes covenants such as minimum toll rate covenant ratios and minimum debt service reserve requirements.

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### (6) Fair Value Measurements

The District utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The District determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantively the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identified assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The level in the fair value hierarchy within which a fair value measurement, in its entirety falls in, is based on the lowest level input that is significant to the fair value measurement in its entirety.

Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

All of the District's investments in debt securities are in one of the four categories below and therefore the entire portfolio of debt securities is Level 2.

Debt securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Supra-Nationals: quoted prices for similar securities in the market are used to draw appropriate correlations;
- Corporate Notes and Municipal Bonds: relevant trade data, benchmark quotes and surveys of the dealer community are incorporated into the evaluation process;
- Certificates of Deposit: matrix pricing based on various market makers and dealers;

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- Federal Agency Mortgage-Backed: solicited prices from market buy and sell side sources, including primary and secondary dealers, portfolio managers and research analysts are used.

The fair value of investments in money market funds is based on the published net asset values per share of those funds. The District has the following recurring fair value measurements as of September 30, 2024:

	<b>Fair Value Measurements Using</b>			
	<b>Fair Value 2024</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Investments by fair value level:				
U.S. treasuries	\$ 390,546,946	\$ -	\$ 390,546,946	\$ -
U.S. agencies	55,381,093	-	55,381,093	-
Federal agency mortgage-backed	345,102	-	345,102	-
Federal agency commercial-backed	34,642,520	-	34,642,520	-
Corporate notes	35,583,171	-	35,583,171	-
Total investments by fair value level	<u>516,498,832</u>	<u>\$ -</u>	<u>\$ 516,498,832</u>	<u>\$ -</u>
Investments measured at NAV:				
Money market funds	<u>71,594,174</u>			
Total investments measured at fair value	<u><u>\$ 588,093,006</u></u>			