

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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CHESAPEAKE BAY  
BRIDGE-TUNNEL



Financial Statements & Quarterly Report  
December 31, 2020

# CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

December 31, 2020

## Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended December 31, 2020 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 December 31, 2020 and 2019, 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

- In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. On March 17, 2020, the Governor of Virginia issued a public health emergency order. On March 23, 2020, the Governor issued an order to close all nonessential businesses until further notice and all schools for the remainder of the academic year. The District is considered critical infrastructure, and has remained open throughout the pandemic. The Governor issued a "Stay at Home" order for citizens of the Commonwealth on March 30, 2020. On May 15, 2020, the Governor allowed most of the Commonwealth to proceed into the first phase of the "Forward Virginia" plan to safely and gradually ease public health restrictions while containing the spread of COVID-19. On June 2, 2020, Executive Order 65 and Order of Public Health Emergency Six implemented Phase Two, continuing to ease business, gathering, and traveling restrictions originally imposed by Executive Order 53 and Executive Order 55 issued in March of 2020. The COVID-19 pandemic continues to affect the Country through Q2 FY21. While the District expects this matter to negatively impact its results of operations, cash flows and financial position, the long term impact cannot be reasonably estimated at this time. Subsequently, the District's traffic and revenue results have improved since the onset of COVID-19, however traffic continues to be lower than projected for this period. Traffic declined by 12.6% during Q2 FY21 while toll revenues declined by 11.0% as compared to Q2 FY20.
- Gross toll revenues before deductions for the second quarter of fiscal year 2021 (Q2 FY21) were 12,660,484 and were 11.0% less than toll revenues in the second quarter of fiscal year 2020 (Q2 FY20). During Q2 FY21, total revenue vehicles of 816,196 crossed the District's facility. This represents a decrease in vehicular traffic of 116,825 from Q2 FY20. Other revenues totaled \$305,885 in Q2 FY21 and totaled \$262,631 in Q2 FY20, which is an increase of \$43,254, or 16.5%.

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

Quarterly Report for the Period Ending

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- Operating expenses before District facility expenses in Q2 FY21 totaled \$3,711,855, which is a decrease in operating expenses of \$71,607, or 1.9% from Q2 FY20.
- Facility expenses for Q2 FY21 were \$3,881,633 compared to \$4,767,571 in Q2 FY20. 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. During Q2 FY21, the District was focused on the trestle repaving project and roadway slab repairs.
- Non-operating revenues/expenses is a net expense in Q2 FY21 of \$4,559,110 compared to a net expense in Q2 FY20 of \$1,367,689. This change is primarily the result of a decrease in Interest Income in the amount of \$1,860,113 as well as a decrease in the fair market value of investments of \$1,333,185.
- Total net position at December 30, 2020 was \$768,008,891 a 1.7 % increase over total net position at December 30, 2019.

### **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 Executive Director of Finance and Operations, 32386 Lankford Highway, Cape Charles, Virginia 23310.

**Chesapeake Bay Bridge and Tunnel District**  
**Statements of Net Position**  
**December 31, 2020 and 2019**

<b>Assets and Deferred Outflows of Resources</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Current assets:		
Cash	\$ 1,457,219	1,258,911
Investments	38,060,191	119,042,959
Accounts receivable and accrued interest receivable, net	1,199,777	1,700,967
Prepaid expenses and other assets	<u>380,040</u>	<u>241,276</u>
Total current assets	<u>41,097,227</u>	<u>122,244,113</u>
Restricted assets:		
Cash	9,485,294	46,008
Investments	431,087,657	520,691,105
Accrued interest receivable	<u>382,549</u>	<u>830,975</u>
Total restricted assets	<u>440,955,500</u>	<u>521,568,088</u>
Investments	224,949,654	132,788,869
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	454,294,003	378,829,961
Construction in progress - Parallel Chesapeake Tunnel	2,537,902	-
Miscellaneous capital assets, net of accumulated depreciation	<u>9,830,727</u>	<u>9,454,193</u>
Total capital assets	<u>889,032,833</u>	<u>810,654,355</u>
Bond insurance costs, net of accumulated amortization	2,464,062	2,576,355
Deferred outflows of resources:		
Pension contributions	958,688	955,139
Differences between expected and actual - Pension	260,269	347,486
Change in pension assumption	950,062	-
RHIP OPEB Contributions	67,337	241,979
Differences between expected and actual - RHIP OPEB	286,120	198,816
GLI OPEB contribution	43,102	42,000
Change in proportionate share - GLI OPEB	2,326	3,000
Differences between expected and actual - GLI OPEB	45,064	31,000
Change in GLI OPEB assumptions	<u>42,779</u>	<u>-</u>
Total deferred outflows of resources	<u>2,655,747</u>	<u>1,819,420</u>
Total assets and deferred outflows of resources	<u>\$ 1,601,155,023</u>	<u>1,591,651,200</u>

**Chesapeake Bay Bridge and Tunnel District**  
**Statements of Net Position**  
**December 31, 2020 and 2019**

<b>Liabilities, Deferred Inflows and Net Position</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Current liabilities:		
Accounts payable & accrued expenses	\$ 10,854,812	5,884,114
Accrued interest	17,525,898	14,425,286
Unearned revenue	<u>757,824</u>	<u>635,088</u>
Total current liabilities	<u>29,138,534</u>	<u>20,944,488</u>
Long-term liabilities:		
Long-term debt, net of current portion	782,901,636	797,656,633
Net pension liability	12,265,486	10,705,534
Net RHIP OPEB Liability	4,833,426	5,195,292
Arbitrage rebate Liability	2,159,858	-
Net GLI OPEB Liability	<u>677,593</u>	<u>643,000</u>
Total long-term liabilities	<u>802,837,999</u>	<u>814,200,459</u>
Deferred inflows of resources:		
Differences between expected and actual pension experience	21,141	131,945
Change in Assumptions - Pension	104,586	278,895
Pension investment experience	302,137	271,042
Change in RHIP OPEB assumptions	689,923	306,754
GLI OPEB investment experience	13,918	21,000
Differences between expected and actual experience - GLI OPEB	8,790	11,000
Change in GLI OPEB assumptions	20,432	27,000
Change in proportionate share GLI OPEB	<u>8,672</u>	<u>-</u>
Total deferred inflows of resources	<u>1,169,599</u>	<u>1,047,636</u>
Total liabilities and deferred inflows of resources	<u>833,146,132</u>	<u>836,192,583</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	419,712,992	396,244,031
Restricted for debt service	102,474,081	123,545,212
Restricted for forfeited property	11,850	11,707
Unrestricted	<u>245,809,968</u>	<u>235,657,667</u>
Total net position	<u>768,008,891</u>	<u>755,458,617</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,601,155,023</u>	<u>1,591,651,200</u>

**Statement of Revenues, Expenses, and Changes in Net Position**  
**As of December 31, 2020 & 2019**

	Three Months Ended		Six Months Ended		Twelve Months Ended	
	December, 2020	December, 2019	December, 2020	December, 2019	December, 2020	December, 2019
<b>Operating Revenues:</b>						
Toll	\$ 12,439,877	13,915,138	30,464,728	35,072,956	51,209,572	63,410,284
Other	305,885	262,631	634,564	609,355	1,321,898	1,175,117
<b>Total Operating Revenues</b>	<u>12,745,762</u>	<u>14,177,769</u>	<u>31,099,292</u>	<u>35,682,311</u>	<u>52,531,470</u>	<u>64,585,401</u>
<b>Operating Expenses:</b>						
Administration	82,364	94,869	179,965	185,758	326,103	339,972
Finance	227,428	231,575	415,733	436,997	804,829	859,441
Operations	1,154,076	1,161,346	2,282,512	2,351,588	4,525,958	4,639,222
Maintenance	969,862	991,055	1,972,393	1,979,351	4,153,931	3,924,903
General	925,294	891,114	1,871,036	1,892,776	4,168,949	3,779,612
Consultants	189,800	195,991	293,966	292,347	657,500	544,790
Utilities	163,031	217,512	321,050	407,056	693,367	780,268
<b>Total Operating Expenses Before District Facility Expenses</b>	<u>3,711,855</u>	<u>3,783,462</u>	<u>7,336,655</u>	<u>7,545,873</u>	<u>15,330,637</u>	<u>14,868,208</u>
<b>District Facility Expenses:</b>						
Insurance	301,894	238,158	613,316	520,063	1,118,022	1,009,435
Depreciation	157,459	178,411	314,918	356,822	671,740	746,580
Bridge and Tunnel Preservation	3,108,832	3,978,432	5,206,765	7,993,080	17,142,663	9,285,639
Other	313,448	372,570	615,781	459,755	217,176	404,662
<b>Total district facility expenses</b>	<u>3,881,633</u>	<u>4,767,571</u>	<u>6,750,780</u>	<u>9,329,720</u>	<u>19,149,601</u>	<u>11,446,316</u>
<b>Total Operating and District Facility Expenses</b>	<u>7,593,488</u>	<u>8,551,033</u>	<u>14,087,435</u>	<u>16,875,593</u>	<u>34,480,238</u>	<u>26,314,524</u>
<b>Operating Income (Loss)</b>	<u>5,152,274</u>	<u>5,626,736</u>	<u>17,011,857</u>	<u>18,806,718</u>	<u>18,051,232</u>	<u>38,270,877</u>
<b>Nonoperating Revenues (Expenses):</b>						
Change in fair value of investments	(1,025,600)	307,586	(2,185,459)	719,781	6,835,066	3,723,350
Interest income	1,544,671	3,404,783	3,562,291	6,613,851	7,840,280	9,550,127
Interest expense	(5,064,181)	(5,060,958)	(10,127,124)	(9,681,404)	(20,249,568)	(9,926,554)
Bond issuance costs	-	(5,600)	-	(521,667)	-	(521,667)
Loss on asset disposal	-	-	-	-	87,264	-
Other expenses, net	(14,000)	(13,500)	(14,000)	(13,500)	(14,000)	(13,500)
<b>Total Nonoperating Revenues (Expenses), net</b>	<u>(4,559,110)</u>	<u>(1,367,689)</u>	<u>(8,764,292)</u>	<u>(2,882,939)</u>	<u>(5,500,958)</u>	<u>2,811,756</u>
<b>Increase (Decrease) in net position</b>	593,164	4,259,047	8,247,565	15,923,779	12,550,274	41,082,633
<b>Total net position, beginning of period</b>	767,415,727	751,199,570	759,761,326	739,534,838	755,458,617	714,375,984
<b>Total net position, end of period</b>	<u>\$ 768,008,891</u>	<u>755,458,617</u>	<u>768,008,891</u>	<u>755,458,617</u>	<u>768,008,891</u>	<u>755,458,617</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

Statements of Cash Flows

For the period ended December 31, 2020 and 2019

	<u>Q2 FY2021</u>	<u>Q2 FY2020</u>	<u>FYTD 2021</u>	<u>FYTD 2020</u>
Cash flows from operating activities:				
Toll collections from customers	\$ 12,344,144	14,115,778	30,367,130	35,453,350
Scrip sales	49,204	97,100	116,364	181,159
Leasing revenue	342,638	271,345	649,632	566,024
Payments to employees for services and employee benefits	(3,320,539)	(3,311,480)	(6,490,589)	(6,679,784)
Payments to suppliers and consultants	(3,854,701)	(7,404,602)	(9,578,740)	(9,846,974)
Other	<u>(323,516)</u>	<u>(108,562)</u>	<u>(601,943)</u>	<u>(227,081)</u>
Net cash provided (used) by operating activities	<u>5,237,230</u>	<u>3,659,579</u>	<u>14,461,854</u>	<u>19,446,694</u>
Cash flows from investing activities:				
Purchases of investments	(78,469,115)	(199,425,546)	(238,472,060)	(767,044,883)
Interest income	1,740,133	4,525,939	3,744,407	5,448,871
Sales and maturities of investments	<u>104,676,235</u>	<u>226,475,768</u>	<u>273,447,894</u>	<u>368,442,764</u>
Net cash provided by investing activities	<u>27,947,253</u>	<u>31,576,161</u>	<u>38,720,241</u>	<u>(393,153,248)</u>
Cash flows from capital and related financing activities:				
Capitalized expenditures	(22,860,033)	(35,100,699)	(35,723,565)	(51,156,677)
Forfeited assets	(6,438)	14,476	(7,307)	14,476
Bond proceeds	—	—	—	434,013,966
Bond issuance costs	—	(5,600)	—	(941,795)
Other miscellaneous non-operating expenditures	(14,000)	(13,500)	(14,000)	(13,500)
Interest paid	<u>—</u>	<u>—</u>	<u>(17,366,375)</u>	<u>(7,912,875)</u>
Net cash provided by (used in) capital and related financing activities	<u>(22,880,471)</u>	<u>(35,105,323)</u>	<u>(53,111,247)</u>	<u>374,003,595</u>
Net increase (decrease) in cash	10,304,012	130,417	70,848	297,041
Cash, beginning of period	<u>638,501</u>	<u>1,174,502</u>	<u>10,871,665</u>	<u>1,007,878</u>
Cash, end of period	\$ <u>10,942,513</u>	\$ <u>1,304,919</u>	\$ <u>10,942,513</u>	\$ <u>1,304,919</u>
Cash and restricted cash are presented in the accompanying statements of net assets as follows:				
Cash	\$ 1,457,219	1,258,911	1,457,219	1,258,911
Restricted cash	9,485,294	46,008	9,485,294	46,008
	\$ <u>10,942,513</u>	\$ <u>1,304,919</u>	\$ <u>10,942,513</u>	\$ <u>1,304,919</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 5,152,274	5,626,736	17,011,857	18,806,718
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	157,459	178,411	314,918	356,822
(Increase) decrease in operating assets:				
Accounts receivable	(6,258)	597,742	39,035	828,186
Prepaid expenses and other assets	257,048	205,533	523,745	383,910
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	(309,706)	(2,921,561)	(3,436,338)	(851,652)
Unearned revenue	<u>(13,587)</u>	<u>(27,282)</u>	<u>8,637</u>	<u>(77,290)</u>
Net cash provided by operating activities	\$ <u>5,237,230</u>	\$ <u>3,659,579</u>	\$ <u>14,461,854</u>	\$ <u>19,446,694</u>

**Chesapeake Bay Bridge and Tunnel District**  
**Statement of Cash & Investments**  
**As of December 31, 2020**

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<b><u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u></b>			
Unrestricted:			
Revenue Fund	\$ 1,134,749	2,182,716	3,317,465
Operations & Maintenance Reserve Fund	-	4,065,904	4,065,904
Reserve Maintenance Fund	286,475	19,660,706	19,947,181
General Fund	35,995	237,100,519	237,136,514
Total	<u>1,457,219</u>	<u>263,009,845</u>	<u>264,467,064</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2016 Bonds	-	24,037,410	24,037,410
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	1,400,552	1,400,552
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	9,482,692	9,482,692
Series 2016 Capitalized Interest Fund	-	5,147,565	5,147,565
Series 2016 Interest Fund	-	7,912,904	7,912,904
Series 2019 Interest Fund	9,453,500	-	9,453,500
Series 2016 VTIB Interest Fund	-	20,905	20,905
Series 2016 TIFIA Interest Fund	-	138,621	138,621
TIFIA Debt Service Reserve Fund	-	22,887,300	22,887,300
VTIB Debt Service Reserve Fund	-	3,390,000	3,390,000
Series 2019 BANs Capitalized Interest Fund	-	53,512,126	53,512,126
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	303,157,582	303,157,582
Total	<u>9,453,500</u>	<u>431,087,657</u>	<u>440,541,157</u>
<b><u>OTHER RESTRICTED ASSETS:</u></b>			
Restricted Asset Forfeited Property Account	<u>31,794</u>	<u>-</u>	<u>31,794</u>
<b>Totals</b>	<u>\$ 10,942,513</u>	<u>694,097,502</u>	<u>705,040,015</u>



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

As of December 31, 2020

Unrestricted investments at fair market value as of December 31, 2020 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>Revenue Bond - Revenue Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	\$ 2,182,716
			<u>2,182,716</u>
<u>General Revenue Bond - Operations &amp; Maintenance Reserve Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	4,065,904
			<u>4,065,904</u>
<u>GR Reserve Maintenance Fund:</u>			
Freddie Mac Notes	0.320%	10/20/22	7,006,727
Freddie Mac Notes	0.250%	06/26/23	3,266,640
BB&T Trust Deposit	Variable	Not Fixed	9,387,339
			<u>19,660,706</u>
<u>General Resolution General Fund:</u>			
Asian Development Bank Note	2.250%	01/20/21	1,731,051
MUFG Bank LTD NY Commercial Paper	Variable	02/22/21	4,648,703
Berkshire Hathaway Inc.	2.200%	03/15/21	2,531,269
African Development Bank Note	2.625%	03/22/21	1,301,845
Toyota Motor Credit Corp. Notes	2.950%	04/13/21	2,104,981
Federal Home Loan Mortgage Corp. Notes	6.000%	06/01/21	4,317
International Bank of Recon & Dev Global	2.750%	07/23/21	2,672,773
Federal Home Loan Bank Notes	3.000%	10/12/21	1,722,683
US Treasury Notes	2.875%	10/15/21	575,052
US Treasury Notes	2.000%	10/31/21	1,381,038
Federal National Mortgage Assn.	5.500%	11/01/21	5,573
US Treasury Notes	2.875%	11/15/21	3,199,219
Fannie Mae Notes	2.625%	01/11/22	1,964,020
Fannie Mae Notes	2.625%	01/11/22	2,122,988
Freddie Mac Global Notes	2.375%	01/13/22	3,918,768
US Treasury Notes	2.500%	01/15/22	2,423,016
US Treasury Notes	1.875%	01/31/22	2,975,206
Federal Home Loan Mortgage Corp. Notes	5.500%	02/01/22	11,113

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

As of December 31, 2020

Unrestricted investments at fair market value as of December 31, 2020 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Resolution General Fund (continued):</u>			
Apple Inc. Bonds	2.500%	02/09/22	\$ 3,013,345
US Treasury Notes	2.500%	02/15/22	5,492,108
Fannie Mae Notes	1.875%	04/05/22	4,956,210
Fannie Mae Notes	1.875%	04/05/22	940,147
US Treasury Notes	0.188%	04/30/22	2,885,212
US Treasury Notes	1.875%	04/30/22	3,785,563
US Treasury Notes	1.750%	05/31/22	2,470,092
Blackrock Inc. Corporate Notes	3.375%	06/01/22	1,251,798
Blackrock Inc. Corporate Notes	3.375%	06/01/22	1,303,956
Fannie Mae Pool	3.000%	06/01/22	61,119
Federal Farm Credit Notes	0.230%	06/09/22	1,680,654
US Treasury Notes	2.125%	06/30/22	2,487,073
Federal Home Loan Mortgage Corp. Notes	6.000%	07/01/22	15,598
US Treasury Notes	1.750%	07/15/22	1,711,488
US Treasury Notes	1.750%	07/15/22	4,857,760
US Treasury Notes	1.750%	07/15/22	625,155
Freddie Mac Notes	0.125%	07/25/22	1,999,378
US Treasury Notes	2.000%	07/31/22	3,788,100
US Treasury Notes	1.500%	08/15/22	1,425,952
Exxon Mobil Corporation	1.902%	08/16/22	667,817
Nordea Bank CD	1.850%	08/26/22	2,763,797
US Treasury Notes	1.625%	08/31/22	3,074,063
US Treasury Notes	1.625%	08/31/22	3,827,208
Fannie Mae Notes	1.375%	09/06/22	5,663,969
Fannie Mae Notes	1.375%	09/06/22	4,010,703
US Treasury Notes	1.375%	10/15/22	1,216,403
US Treasury Notes	1.625%	11/15/22	3,957,078
US Treasury Notes	1.750%	01/31/23	2,252,894
Federal Home Loan Bank Notes	1.375%	02/17/23	1,969,851
Federal Home Loan Bank Notes	1.375%	02/17/23	2,359,717
Federal Home Loan Bank Notes	1.375%	02/17/23	3,108,671
Walmart Stores, Inc.	2.550%	04/11/23	4,095,008
Freddie Mac Notes	0.375%	04/20/23	2,009,956
Freddie Mac Notes	0.375%	04/20/23	3,517,423

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

As of December 31, 2020

Unrestricted investments at fair market value as of December 31, 2020 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Resolution General Fund (continued):</u>			
US Treasury Notes	2.750%	04/30/23	\$ 2,004,286
Freddie Mac Notes	0.375%	05/05/23	3,517,738
Fannie Mae Notes	0.250%	05/22/23	3,257,144
Freddie Mac Notes	0.250%	06/26/23	3,196,498
Fannie Mae Notes	0.250%	07/10/23	4,167,563
Fannie Mae Notes	0.300%	08/10/23	4,497,090
Fannie Mae Notes	0.360%	08/18/23	3,005,874
Freddie Mac Notes	0.250%	08/24/23	2,008,294
Freddie Mac Notes	0.250%	08/24/23	2,303,779
Freddie Mac Notes	0.250%	09/08/23	971,358
Freddie Mac Notes	0.250%	09/08/23	1,296,813
Freddie Mac Notes	0.300%	09/28/23	4,503,254
US Treasury Notes	2.875%	10/31/23	2,648,344
Freddie Mac Notes	0.250%	11/06/23	335,402
International Bank of Recon & Dev Global	0.250%	11/24/23	950,613
US Treasury Notes	2.875%	11/30/23	3,128,375
Freddie Mac Notes	0.250%	12/04/23	1,927,374
Fannie Mae Notes	0.310%	01/26/24	1,101,186
Fannie Mae Notes	0.310%	01/26/24	3,989,296
US Treasury Notes	2.500%	01/31/24	2,062,156
US Treasury Notes	2.500%	01/31/24	2,281,763
US Treasury Notes	2.500%	01/31/24	3,749,375
Federal Farm Credit Bank Notes	0.875%	04/08/24	3,631,133
US Treasury Notes	2.250%	04/30/24	2,040,119
Fanne Mae Notes	1.625%	10/15/24	3,365,162
US Treasury Notes	2.250%	10/31/24	457,473
US Treasury Notes	2.125%	11/30/24	1,115,725
Fannie Mae Notes	1.625%	01/07/25	3,428,989
Fannie Mae Notes	1.625%	01/07/25	2,845,219
Freddie Mac Notes	1.500%	02/12/25	1,031,035
Freddie Mac Notes	1.500%	02/12/25	1,538,702
Freddie Mac Notes	1.500%	02/12/25	2,397,025
Federal Home Loan Bank Notes	0.500%	04/14/25	2,297,366
Fannie Mae Notes	0.625%	04/22/25	1,677,873
Fannie Mae Notes	0.625%	04/22/25	3,082,839
Fannie Mae Notes	0.500%	06/17/25	3,550,218
Fannie Mae Notes	0.500%	06/17/25	2,194,406
Fannie Mae Notes	0.500%	06/17/25	1,225,252
Freddie Mac Notes	0.375%	07/21/25	1,323,369

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

As of December 31, 2020

Unrestricted investments at fair market value as of December 31, 2020 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>General Resolution General Fund (continued):</u>			
Fannie Mae Notes	0.500%	08/14/25	\$ 2,318,973
Alphabet Inc. Corporate Notes	0.450%	08/15/25	1,807,394
Fannie Mae Notes	0.375%	08/25/25	2,135,348
Federal National Mortgage Assn.	0.375%	08/25/25	2,394,782
Freddie Mac Notes	0.375%	09/23/25	3,131,594
Fannie Mae Notes	0.500%	10/20/25	2,381,052
Fannie Mae Notes	0.500%	11/07/25	2,261,219
GNMA Pool #5276	3.000%	01/01/27	265,229
GNMA Pool #794283	3.500%	03/01/27	179,661
GNMA Pool #MA0007	3.000%	04/01/27	454,476
Fannie Mae Pool #1084	3.500%	06/01/32	580,705
BB&T Trust Deposit	Variable	Not Fixed	545,725
			<u>237,100,519</u>
Total unrestricted investments			<u><u>\$ 263,009,845</u></u>

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

As of December 31, 2020

Restricted investments at fair market value as of December 31, 2020 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	2.000%	12/31/21	\$ 224,090
Freddie Mac Notes	0.250%	06/26/23	9,093,486
Freddie Mac Notes	0.375%	09/23/25	2,428,482
BB&T Trust Deposit	Variable	Not Fixed	11,141,242
			<u>22,887,300</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Notes	2.000%	12/31/21	35,651
Freddie Mac Notes	0.250%	06/26/23	1,342,730
Freddie Mac Notes	0.375%	09/23/25	359,036
BB&T Trust Deposit	Variable	Not Fixed	1,652,583
			<u>3,390,000</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
BB&T Trust Deposit	Variable	Not Fixed	7,912,904
			<u>7,912,904</u>
<u>General Revenue Bond - Series 2016 TIFIA Interest Fund</u>			
BB&T Trust Deposit	Variable	Not Fixed	138,621
			<u>138,621</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
BB&T Trust Deposit	Variable	Not Fixed	20,905
			<u>20,905</u>
<u>2016 Thimble Shoal Project Fund</u>			
Local Government Investment Pool	Variable	Not Fixed	24,034,804
BB&T Trust Deposit	Variable	Not Fixed	2,606
			<u>24,037,410</u>
<u>2019 Thimble Shoal Project Fund</u>			
US Treasury Notes	1.125%	06/30/21	5,626,995
US Treasury Notes	2.000%	08/31/21	13,433,802
US Treasury Notes	2.000%	10/31/21	7,567,274
US Treasury Notes	2.125%	12/31/21	22,697,644
US Treasury Notes	1.875%	02/28/22	30,978,728
Local Government Investment Pool	Variable	Not Fixed	222,490,516
BB&T Trust Deposit	Variable	Not Fixed	362,623
			<u>303,157,582</u>

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

As of December 31, 2020

Restricted investments at fair market value as of December 31, 2020 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>2016 Thimble Shoal Project Fund - TIFIA</u>			
US Treasury Notes	1.125%	02/28/21	\$ 4,572,133
US Treasury Notes	1.875%	01/31/22	4,610,551
BB&T Trust Deposit	Variable	Not Fixed	300,008
			<u>9,482,692</u>
<u>2016 Thimble Shoal Project Fund - VTIB</u>			
US Treasury Notes	1.125%	02/28/21	671,047
US Treasury Notes	1.875%	01/31/22	682,667
BB&T Trust Deposit	Variable	Not Fixed	46,838
			<u>1,400,552</u>
<u>2016 Capitalized Interest Fund</u>			
Local Government Investment Pool	Variable	Not Fixed	5,146,810
BB&T Trust Deposit	Variable	Not Fixed	755
			<u>5,147,565</u>
<u>2019 Capitalized Interest Fund</u>			
US Treasury Notes	2.125%	12/31/21	9,206,129
US Treasury Notes	1.750%	06/30/22	9,343,948
US Treasury Notes	2.125%	12/31/22	9,567,204
US Treasury Notes	1.375%	06/30/23	9,654,627
US Treasury Notes	2.875%	10/31/23	6,816,181
Local Government Investment Pool	Variable	Not Fixed	8,637,843
BB&T Trust Deposit	Variable	Not Fixed	286,194
			<u>53,512,126</u>
Total restricted investments			<u>\$ 431,087,657</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

**Vehicular Traffic Statistics**

DESCRIPTION/CLASS	CURRENT YEAR				
	October 2020	November 2020	December 2020	3 Months Ended 12/31/20	12 Months Ended 12/31/20
<b>Cars/Light Trucks:</b>					
Class 1	218,458	184,604	164,549	567,611	2,274,268
Class 1 Round Trip	33,467	31,116	31,475	96,058	358,345
Class 1 Commuter	15,641	13,701	13,627	42,969	162,843
Class 2	3,524	2,556	1,579	7,659	32,396
Class 2 Round Trip	405	351	280	1,036	4,391
Class 3	5,380	3,300	2,342	11,022	43,902
Class 3 Round Trip	515	408	409	1,332	5,274
Class 4	291	201	235	727	2,949
Class 4 Round Trip	25	28	23	76	281
Sub Total	<u>277,706</u>	<u>236,265</u>	<u>214,519</u>	<u>728,490</u>	<u>2,884,649</u>
<b>Heavy Trucks:</b>					
Class 9	5,206	4,270	4,052	13,528	53,752
Class 10	1,371	1,429	1,253	4,053	15,356
Class 11	1,282	859	836	2,977	12,458
Class 12	22,541	20,940	21,590	65,071	250,826
Class 13	496	465	463	1,424	5,540
Class 16	42	29	56	127	397
Sub Total	<u>30,938</u>	<u>27,992</u>	<u>28,250</u>	<u>87,180</u>	<u>338,329</u>
<b>Buses:</b>					
Class 8	31	20	28	79	498
Class 14	33	11	10	54	303
Class 15	142	130	121	393	2,837
Sub Total	<u>206</u>	<u>161</u>	<u>159</u>	<u>526</u>	<u>3,638</u>
Totals	<u>308,850</u>	<u>264,418</u>	<u>242,928</u>	<u>816,196</u>	<u>3,226,616</u>

DESCRIPTION/CLASS	PRIOR YEAR				
	October 2019	November 2019	December 2019	3 Months Ended 12/31/19	12 Months Ended 12/31/19
<b>Cars/Light Trucks:</b>					
Class 1	226,970	218,671	230,176	675,817	2,988,540
Class 1 Round Trip	33,280	31,889	33,447	98,616	394,584
Class 1 Commuter	18,357	16,102	15,983	50,442	191,811
Class 2	2,836	1,773	1,465	6,074	32,220
Class 2 Round Trip	292	290	231	813	3,917
Class 3	4,644	2,469	2,203	9,316	45,403
Class 3 Round Trip	396	318	349	1,063	4,435
Class 4	281	212	186	679	2,996
Class 4 Round Trip	20	10	18	48	280
Sub Total	<u>287,076</u>	<u>271,734</u>	<u>284,058</u>	<u>842,868</u>	<u>3,664,186</u>
<b>Heavy Trucks:</b>					
Class 9	5,425	4,240	3,928	13,593	58,490
Class 10	1,616	1,377	1,250	4,243	16,364
Class 11	1,278	890	828	2,996	13,329
Class 12	23,979	21,124	20,304	65,407	274,034
Class 13	420	262	269	951	3,757
Class 16	34	34	30	98	396
Sub Total	<u>32,752</u>	<u>27,927</u>	<u>26,609</u>	<u>87,288</u>	<u>366,370</u>
<b>Buses:</b>					
Class 8	172	105	140	417	1,606
Class 14	77	28	11	116	607
Class 15	768	824	740	2,332	9,590
Sub Total	<u>1,017</u>	<u>957</u>	<u>891</u>	<u>2,865</u>	<u>11,803</u>
Totals	<u>320,845</u>	<u>300,618</u>	<u>311,558</u>	<u>933,021</u>	<u>4,042,359</u>

## CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

December 31, 2020

### (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

December 31, 2020

### **(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

Quarterly Report for the Period Ending

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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

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December 31, 2020

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

December 31, 2020

### **(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.

### **(3) Cash Deposits and Investments.**

#### **(a) *Deposits***

The carrying value of the District's deposits (unrestricted and restricted) was \$10,942,513 and \$1,304,919 at December 31, 2020 and 2019, respectively. The bank balance of these deposits was \$11,179,228 and \$1,144,848 at December 31, 2020 and 2019, 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 fourth-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.

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

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**(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.

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

	Total	Standard & Poor Credit Rating						Not rated
		AAA	AA+	AA	AA-	A-1	A+	
U.S. Treasuries	\$ 193,115,158	-	193,115,158	-	-	-	-	-
Supra-National Agency	6,656,283	6,656,283	-	-	-	-	-	-
U.S. Agencies	170,203,264	-	170,203,264	-	-	-	-	-
Federal Agency								
Mortgage-Backed	1,577,791	-	1,577,791	-	-	-	-	-
Commercial Paper	4,648,703	-	-	-	-	4,648,703	-	-
Certificate of Deposit	2,763,797	-	-	-	2,763,797	-	-	-
Corporate Notes	16,775,569	-	4,820,739	7,294,095	2,555,754	-	2,104,981	-
	<u>\$ 395,740,565</u>	<u>6,656,283</u>	<u>369,716,952</u>	<u>7,294,095</u>	<u>5,319,551</u>	<u>4,648,703</u>	<u>2,104,981</u>	<u>-</u>

**(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 December 31, 2020, the District’s portfolio was invested as follows:

Investment type	2020 Fair value	Percentage of portfolio
U.S. Treasuries	\$ 193,115,158	27.82%
U.S. Agencies	170,203,264	24.52
Federal Agency Mortgage- Backed	1,577,791	0.23
Supra-National Agency	6,656,283	0.96
Certificate of Deposit	2,763,797	0.40
Money Market Funds	298,356,937	42.98
Commercial Paper	4,648,703	0.67
Corporate Notes	16,775,569	2.42
	<u>\$ 694,097,502</u>	<u>100.0%</u>

**CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT**

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**(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.

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 December 31, 2020, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities (in years)</u>			
		<u>Less than 1 Year</u>	<u>Between 1 to 3 Years</u>	<u>Greater than 3 Years</u>	<u>Not Fixed</u>
U.S. Treasuries	\$ 193,115,158	27,026,557	144,381,991	11,706,610	-
Supra-National Agency	6,656,283	5,705,670	950,613	-	-
U.S. Agencies	170,203,264	1,722,683	112,391,024	56,089,557	-
Federal Agency Mortgage- Backed	1,577,791	9,890	87,830	1,480,071	-
Commercial Paper	4,648,703	4,648,703	-	-	-
Certificate of Deposit	2,763,797	-	2,763,797	-	-
Money Market Funds	298,356,937	-	-	-	298,356,937
Corporate Notes	16,775,569	4,636,251	10,331,924	1,807,394	-
	<u>\$ 694,097,502</u>	<u>43,749,754</u>	<u>270,907,179</u>	<u>71,083,632</u>	<u>298,356,937</u>

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**(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 December 31, 2020 is calculated as follows:

	<u>Q2 FY21</u>
Fair value of investments at end of quarter	\$ 694,097,502
Add:	
Proceeds from sales and maturities during the quarter	104,676,235
Less:	
Cost of investments purchased during the quarter	(78,469,115)
Fair value of investments at beginning of quarter	<u>(721,330,222)</u>
Change in fair value of investments	<u>\$ (1,025,600)</u>

**(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.

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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 fourth 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.:

**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



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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>2020</b>	<b>2019</b>	<b>2018</b>
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	87	87
Portal islands	85	85	90
Toll plaza infrastructure	100	100	96
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>2020</b>	<b>2019</b>	<b>2018</b>
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	100	100
Parallel crossing trestles	100	100	100

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**(5) General Resolution Revenue Bonds**

Bond activity for Q2 FY21 was as follows:

	Balance September 30, 2020	Bond proceeds	Amortization of costs, premiums, discounts, net	Capitalized Interest	Balance December 31, 2020	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	34,779,577	-	(383,938)	-	34,395,639	-
Series 2019 BANs	378,140,000	-	-	-	378,140,000	-
Series 2019 Issuance Premiums	41,236,770	-	(3,343,522)	-	37,893,248	-
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2016	9,547,135	-	-	-	9,547,135	-
VTIB Series 2016	1,410,614	-	-	-	1,410,614	-
	\$ 786,629,096	-	(3,727,460)	-	782,901,636	-

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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The TIFIA Loan and the VTIB Loan are issued on the Subordinate Lein of the 2016 Resolution and bear interest rates of 2.88% and 2.90%, respectively. The loans do not incur interest until drawn which is in the Fall of 2018. Both loans have first semi-annual interest repayments commencing January 1, 2021 and first annual principal repayments commencing 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 Fourth Supplemental Resolution, adopted by the Commission on July 9, 2019 (the "Fourth 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.

The underlying credit rating on the Series 2016 Bonds and the Series 2019 BANs are 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;
- 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.

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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 December 31, 2020:

	Fair value measurements using			
	Fair value 2020	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
U.S. Treasuries	\$ 193,115,158	—	193,115,158	—
Supra-National Agency	6,656,283	—	6,656,283	—
U.S. Agencies	170,203,264	—	170,203,264	—
Federal agency mortgage-backed Certificate of Deposit	1,577,791	—	1,577,791	—
Commercial Paper	2,763,797	—	2,763,797	—
Corporate notes	4,648,703	—	4,648,703	—
Corporate notes	16,775,569	—	16,775,569	—
Total investments by fair value level	395,740,565	—	395,740,565	—
Investments measured at the net asset value (NAV):				
Money market funds	298,356,937			
Total investments measured at the NAV	298,356,937			
Total investments measured at fair value	\$ 694,097,502			