

CHESAPEAKE BAY

BRIDGE AND TUNNEL DISTRICT

Lucius J. Kellam, Jr. Bridge-Tunnel



CHESAPEAKE BAY
BRIDGE-TUNNEL



Financial Statements & Quarterly Report
June 30, 2022

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2022

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended June 30, 2022 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 June, 2022 and 2021, 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 fourth quarter of fiscal year 2022 (Q4 FY22) were \$18,273,267 and were 1.66% less than toll revenues in the fourth quarter of fiscal year 2021 (Q4 FY21). During Q4 FY22, total revenue vehicles of 1,133,453 crossed the District's facility. This represents a decrease in vehicular traffic of 23,395, or 2.0% from Q4 FY21.
- Fuel prices spiked by 51.3% during Q4 FY22 as compared to Q4 FY21 as a result of the war in Ukraine and global supply chain disruptions. The sharp increase reduced traffic and toll revenues for the quarter. Despite the price increase, April 2022 was still an all-time record high for both traffic and toll revenues.
- Other revenues totaled \$365,578 in Q4 FY22 and totaled \$355,537 in Q4 FY21, which is an increase of \$10,041, or 2.8%.
- Operating expenses before District facility expenses in Q4 FY22 totaled \$4,490,024, which is a decrease in operating expenses of \$181,838, or 3.9% from Q4 FY21.
- Facility expenses for Q4 FY22 were \$914,545 compared to \$7,612,139 in Q4 FY21. 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. The sharp decrease between Q4 FY22 and Q4 FY21 is due to the completion of trestle repaving project that was finished in FY 2021.
- Non-operating revenues/expenses is a net expense in Q4 FY22 of \$6,314,953 compared to a net expense in Q4 FY21 of \$3,637,584. The change is primarily the result of a substantial increase in the loss of fair value on investments of \$3,324,481. This unrealized loss is a result of the sharp increase in rates driven by the actions of the Federal Reserve Board to dampen inflation.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2022

- Total net position at June 30, 2022 was \$783,752,060 a 1.8 % increase over total net position at June 30, 2021.
- The District implemented GASB Statement No. 87 – Leases during the fourth quarter of FY 2022. The new statement requires the recognition of certain lease assets and liabilities for leases that previously were recognized as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. In evaluating the District's contracts, the new statement was found to be applicable to four leases. On all four leases, the District is the lessor. A lessor is required to recognize a lease receivable and a deferred inflow of resources that is measured at the present value of the lease payments expected to be received during the lease term. Interest income is recognized on the lease receivable and the deferred inflows of resources are recognized as lease revenue by using straight-line amortization over the life of the lease. The District restated the quarterly and annual results for all periods shown in the financial statements. A lease receivable and deferred inflow of resources of \$8,523,476 was recorded as of July 1, 2021.

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
June 30, 2022 and 2021

Assets and Deferred Outflows of Resources	2022	2021
Current assets:		
Cash	\$ 1,797,875	1,182,159
Investments	130,970,978	59,523,878
Accounts receivable and accrued interest receivable, net	1,134,817	1,220,760
Lease receivable	958,302	890,748
Prepaid expenses and other assets	1,008,982	908,612
Total current assets	<u>135,870,954</u>	<u>63,726,157</u>
Restricted assets:		
Cash	30,932	34,234
Investments	359,456,910	422,250,855
Accrued interest receivable	292,446	73,865
Total restricted assets	<u>359,780,288</u>	<u>422,358,954</u>
Investments	160,757,952	208,415,711
Long term lease receivable	5,815,379	6,773,682
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	490,346,049	460,733,345
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	2,866,618
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	4,425,301	4,977,646
Total capital assets	<u>925,850,958</u>	<u>896,180,717</u>
Bond insurance costs, net of accumulated amortization	<u>2,295,622</u>	<u>2,407,915</u>
Deferred outflows of resources:		
Differences between expected and actual - Pension	760,509	912,445
Differences between expected and actual - RHIP OPEB	245,202	210,065
Differences between expected and actual - GLI OPEB	53,766	43,062
Change in pension assumption	1,293,255	545,781
Change in GLI OPEB assumptions	25,989	33,576
Change in RHIB OPEB Assumptions	649,256	-
Pension contributions	1,087,424	1,080,660
RHIP OPEB contributions	141,303	105,724
GLI OPEB contributions	45,310	44,950
Pension investment experience	-	1,086,137
GLI OPEB investment experience	-	20,167
Change in proportionate share - GLI OPEB	4,179	1,652
	<u>4,306,193</u>	<u>4,084,219</u>
Total assets and deferred outflows of resources	<u>\$ 1,594,677,346</u>	<u>1,603,947,355</u>

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
June 30, 2022 and 2021

Liabilities, Deferred Inflows and Net Position	2022	2021
Current liabilities:		
Accounts payable & accrued expenses	\$ 13,378,141	10,123,729
Accrued interest	17,386,939	17,523,298
Unearned revenue	805,816	679,681
Total current liabilities	<u>31,570,896</u>	<u>28,326,708</u>
Long-term liabilities:		
Long-term debt, net of current portion	750,989,470	775,447,162
Arbitrage rebate Liability	-	1,227,869
Net pension liability	10,380,686	15,331,203
Net RHIP OPEB Liability	5,799,973	4,849,441
Net GLI OPEB Liability	471,413	671,372
Total long-term liabilities	<u>767,641,542</u>	<u>797,527,047</u>
Deferred inflows of resources:		
Pension investment experience	4,832,962	-
GLI OPEB investment experience	112,516	-
Change in RHIP OPEB assumptions	351,271	520,597
Change in GLI OPEB assumptions	64,499	14,019
Differences between expected and actual GLI OPEB experience	3,592	6,029
Change in proportionate share GLI OPEB	19,968	25,035
Lease receivable	6,328,040	7,425,758
Total deferred inflows of resources	<u>11,712,848</u>	<u>7,991,438</u>
Total liabilities and deferred inflows of resources	<u>810,925,286</u>	<u>833,845,193</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	444,437,903	431,959,253
Restricted for debt service	65,239,135	87,861,611
Restricted for forfeited property	11,968	11,872
Unrestricted	274,063,054	250,269,426
Total net position	<u>783,752,060</u>	<u>770,102,162</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,594,677,346</u>	<u>1,603,947,355</u>

Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2022 & 2021

	Three Months Ended		Twelve Months Ended	
	June, 2022	June, 2021	June, 2022	June, 2021
Operating Revenues:				
Toll	\$ 17,715,679	18,180,447	67,085,006	58,890,368
Other	365,578	355,537	1,379,920	1,407,632
Total Operating Revenues	18,081,257	18,535,984	68,464,926	60,298,000
Operating Expenses:				
Administration	91,561	85,299	382,661	351,757
Finance	255,753	229,290	844,643	868,393
Operations	1,076,929	1,075,963	4,516,599	4,458,450
Maintenance	1,034,916	1,073,010	4,057,855	4,042,164
General	1,498,994	1,962,775	4,149,801	4,919,003
Consultants	126,370	89,484	692,488	539,867
Utilities	405,501	156,041	930,352	634,668
Total Operating Expenses Before District Facility Expenses	4,490,024	4,671,862	15,574,399	15,814,302
District Facility Expenses:				
Insurance	296,362	265,094	1,286,424	1,215,640
Depreciation	180,812	173,589	676,957	645,965
Bridge and Tunnel Preservation	709,505	7,776,570	1,623,287	14,087,706
Other	(272,134)	(603,114)	78,086	244,855
Total district facility expenses	914,545	7,612,139	3,664,754	16,194,166
Total Operating and District Facility Expenses	5,404,569	12,284,001	19,239,153	32,008,468
Operating Income (Loss)	12,676,688	6,251,983	49,225,773	28,289,532
Nonoperating Revenues (Expenses):				
Change in fair value of investments	(4,023,229)	(698,748)	(21,292,679)	(4,695,412)
Interest income	2,708,662	2,102,239	6,111,853	6,990,599
Interest expense	(4,994,003)	(5,063,287)	(20,080,634)	(20,252,094)
Bond issuance costs	14,549	-	(287,791)	-
Gain (loss) on asset disposal	(20,932)	28,936	(20,932)	28,936
Other expenses, net	-	(6,724)	(5,692)	(20,725)
Total Nonoperating Revenues (Expenses), net	(6,314,953)	(3,637,584)	(35,575,875)	(17,948,696)
Increase (Decrease) in net position	6,361,735	2,614,399	13,649,898	10,340,836
Total net position, beginning of period	777,390,325	767,487,763	770,102,162	759,761,326
Total net position, end of period	\$ 783,752,060	770,102,162	783,752,060	770,102,162

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Cash Flows

For the period ended June 30, 2022 and 2021

	Q4 FY2022	Q4 FY2021	FY 2022	FY 2021
Cash flows from operating activities:				
Toll collections from customers	\$ 17,534,042	18,062,291	66,817,566	58,625,115
Scrip sales	51,388	51,100	221,588	208,084
Leasing revenue	283,195	112,730	1,304,030	1,079,398
Payments to employees for services and employee benefits	(3,041,325)	(3,363,185)	(12,638,706)	(12,944,195)
Payments to suppliers and consultants	(3,238,511)	(9,079,602)	(5,444,464)	(20,367,104)
Other	812,911	613,782	(76,786)	(205,111)
Net cash provided by (used in) operating activities	12,401,700	6,397,116	50,183,228	26,396,187
Cash flows from investing activities:				
Purchases of investments	(105,522,740)	(101,895,085)	(871,872,984)	(594,226,293)
Interest income	1,679,865	1,146,151	4,790,956	6,604,945
Sales and maturities of investments	100,201,947	98,109,638	889,584,909	630,599,232
Net cash provided by (used in) investing activities	(3,640,928)	(2,639,296)	22,502,881	42,977,884
Cash flows from capital and related financing activities:				
Capitalized expenditures	(9,099,874)	(3,619,892)	(27,553,394)	(44,166,665)
Forfeited assets	(978)	—	(3,398)	(4,890)
Disposal of capital assets	338,972	55,209	338,972	55,209
Bond issuance costs	14,549	—	(287,791)	—
TIFIA loan servicing fee	—	(6,724)	(14,000)	(20,724)
Other miscellaneous non-operating expenditures	—	—	8,308	—
Debt principal repayments	—	—	(9,547,850)	—
Interest paid	—	—	(35,014,542)	(34,892,273)
Net cash provided by (used in) capital and related financing activities	(8,747,331)	(3,571,407)	(72,073,695)	(79,029,343)
Net increase (decrease) in cash and restricted cash	13,441	186,413	612,414	(9,655,272)
Cash, beginning of period	1,815,366	1,029,980	1,216,393	10,871,665
Cash, end of period	\$ 1,828,807	1,216,393	1,828,807	1,216,393
Cash and restricted cash are presented in the accompanying statements of net position as follows:				
Cash	\$ 1,797,875	1,182,159	1,797,875	1,182,159
Restricted cash	30,932	34,234	30,932	34,234
	\$ 1,828,807	1,216,393	1,828,807	1,216,393
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 12,676,688	6,251,983	49,225,773	28,289,532
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	180,812	173,589	676,957	645,965
(Increase) decrease in operating assets:				
Accounts receivable	287,938	(224,588)	(39,610)	(37,482)
Lease receivable	227,021	216,283	890,749	859,046
Prepaid expenses and other assets	(902,569)	(768,028)	(100,370)	(4,827)
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	(278,584)	(4,356)	104,102	(3,231,944)
Pension liabilities	366,280	1,181,849	366,280	1,181,849
RHIP OPEB liabilities	61,234	(115,642)	61,234	(115,642)
GLI OPEB liabilities	(30,304)	(23,086)	(30,304)	(23,086)
Lease liabilities	(274,430)	(274,430)	(1,097,718)	(1,097,718)
Unearned revenue	87,614	(16,458)	126,135	(69,506)
Net cash provided by operating activities	\$ 12,401,700	6,397,116	50,183,228	26,396,187

Chesapeake Bay Bridge and Tunnel District
Statement of Cash & Investments
As of June 30, 2022

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 730,553	5,796,393	6,526,946
Operations & Maintenance Reserve Fund	-	4,406,067	4,406,067
Reserve Maintenance Fund	588,697	17,779,070	18,367,767
General Fund	478,625	263,747,400	264,226,025
Total	<u>1,797,875</u>	<u>291,728,930</u>	<u>293,526,805</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	554,470	554,470
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	36	36
Series 2016 Interest Fund	-	7,912,875	7,912,875
Series 2016 VTIB Interest Fund	-	20,564	20,564
TIFIA Debt Service Reserve Fund	-	19,893,268	19,893,268
VTIB Debt Service Reserve Fund	-	3,273,904	3,273,904
Series 2019 BANs Capitalized Interest Fund	-	24,674,551	24,674,551
Series 2019 BANs Interest Fund	-	9,453,500	9,453,500
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	293,673,742	293,673,742
Total	<u>-</u>	<u>359,456,910</u>	<u>359,456,910</u>
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	30,932	-	30,932
Totals	<u><u>\$ 1,828,807</u></u>	<u><u>651,185,840</u></u>	<u><u>653,014,647</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS
As of June 30, 2022

Unrestricted investments at fair market value as of June 30, 2022 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>Revenue Bond - Revenue Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	\$ 5,796,393
<u>General Revenue Bond - Operations & Maintenance Reserve Fund</u>			
US Treasury Notes	2.125%	12/31/22	3,941,359
Truist Bank Trust Deposit	Variable	Not Fixed	464,708
			<u>4,406,067</u>
<u>GR Reserve Maintenance Fund</u>			
US Treasury Notes	1.750%	07/15/22	3,699,422
COLLAT Commercial Paper	Variable	09/07/22	1,493,916
NATAXIS NY Branch Commercial Paper	Discount	09/13/22	1,493,346
US Treasury Notes	1.500%	02/28/23	991,719
Freddie Mac Notes	0.250%	06/26/23	2,202,212
Truist Bank Trust Deposit	Variable	Not Fixed	7,898,455
			<u>17,779,070</u>
<u>General Revenue Bond - General Fund:</u>			
Federal Home Loan Mortgage Corp. Notes	6.000%	07/01/22	844
US Treasury Notes	1.750%	07/15/22	1,669,739
US Treasury Notes	1.750%	07/15/22	349,945
Freddie Mac Notes	0.125%	07/25/22	1,548,346
US Treasury Notes	2.000%	07/31/22	3,681,150
US Treasury Notes	1.500%	08/15/22	1,394,564
Exxon Mobil Corporation	1.902%	08/16/22	649,988
Nordea Bank CD	1.850%	08/26/22	2,689,548
LMA Americas LLC Commercial Paper	Discount	08/26/22	4,135,969
US Treasury Notes	1.625%	08/31/22	2,999,063
US Treasury Notes	1.625%	08/31/22	3,733,833
Starbird Funding Corp Commercial Paper	Discount	09/01/22	4,134,707
MUFG Bank LTD NY Commercial Paper	Discount	09/23/22	4,646,001
Fannie Mae Notes	1.375%	09/06/22	5,545,022
Fannie Mae Notes	1.375%	09/06/22	3,926,475
US Treasury Notes	1.500%	09/15/22	2,788,692
US Treasury Notes	1.375%	10/15/22	1,187,583
US Treasury Notes	1.625%	11/15/22	3,840,375
US Treasury Notes	0.125%	12/31/22	3,062,703
US Treasury Notes	0.125%	12/31/22	3,151,621
US Treasury Notes	1.750%	01/31/23	2,169,100
US Treasury Notes	2.375%	01/31/23	5,252,603
Barclays Bank PLC NY Certificate of Deposit	1.050%	02/01/23	2,639,932
Credit Suisse New York Certificate of Deposit	1.100%	02/03/23	3,955,603
Federal Home Loan Bank Notes	1.375%	02/17/23	1,906,389
Federal Home Loan Bank Notes	1.375%	02/17/23	2,283,695
Federal Home Loan Bank Notes	1.375%	02/17/23	3,008,520
Walmart Stores, Inc.	2.550%	04/11/23	3,903,737
Freddie Mac Notes	0.375%	04/20/23	1,963,016
Freddie Mac Notes	0.375%	04/20/23	3,435,278
US Treasury Notes	2.750%	04/30/23	1,887,933
Freddie Mac Notes	0.375%	05/05/23	3,430,529
Fannie Mae Notes	0.250%	05/22/23	3,177,262
Freddie Mac Notes	0.250%	06/26/23	3,108,432
US Treasury Notes	2.625%	06/30/23	5,035,797
Fannie Mae Notes	0.250%	07/10/23	4,048,329

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS
As of June 30, 2022

Unrestricted investments at fair market value as of June 30, 2022 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (continued):</u>			
Fannie Mae Notes	0.300%	08/10/23	\$ 4,362,233
Fannie Mae Notes	0.360%	08/18/23	2,914,857
Freddie Mac Notes	0.250%	08/24/23	1,944,204
Freddie Mac Notes	0.250%	08/24/23	2,230,259
Freddie Mac Notes	0.250%	09/08/23	939,608
Freddie Mac Notes	0.250%	09/08/23	1,254,425
US Treasury Notes	2.875%	09/30/23	4,124,838
US Treasury Notes	0.125%	10/15/23	2,371,594
US Treasury Notes	2.875%	10/31/23	2,456,541
Freddie Mac Notes	0.250%	11/06/23	323,020
International Bank of Recon & Dev Global	0.250%	11/24/23	914,818
Fannie Mae Notes	0.250%	11/27/23	1,804,359
US Treasury Notes	2.875%	11/30/23	1,088,297
US Treasury Notes	2.875%	11/30/23	2,895,469
Freddie Mac Notes	0.250%	12/04/23	1,851,234
US Treasury Notes	0.125%	12/15/23	2,561,531
US Treasury Notes	2.625%	12/31/23	2,357,409
US Treasury Notes	0.125%	01/15/24	1,258,702
Fannie Mae Notes	0.310%	01/26/24	1,054,670
Fannie Mae Notes	0.310%	01/26/24	3,820,782
US Treasury Notes	2.500%	01/31/24	1,910,262
US Treasury Notes	2.500%	01/31/24	2,113,692
US Treasury Notes	2.500%	01/31/24	3,473,203
US Treasury Notes	0.250%	03/15/24	2,267,012
US Treasury Notes	0.250%	03/15/24	2,386,328
Colgate-Palmolive Co. Corp. Notes	3.250%	03/15/24	2,402,139
Federal Farm Credit Bank Notes	0.875%	04/08/24	3,467,077
US Treasury Notes	2.250%	04/30/24	1,884,931
US Treasury Notes	0.375%	09/15/24	3,179,384
US Treasury Notes	0.625%	10/15/24	1,998,895
US Treasury Notes	2.250%	10/31/24	417,695
US Treasury Notes	1.500%	10/31/24	3,105,489
US Treasury Notes	0.750%	11/15/24	1,981,255
US Treasury Notes	2.125%	11/30/24	1,018,225
US Treasury Notes	1.000%	12/15/24	3,704,009
Fannie Mae Notes	1.625%	01/07/25	3,146,021
Fannie Mae Notes	1.625%	01/07/25	2,610,425
Freddie Mac Notes	1.500%	02/12/25	945,966
Freddie Mac Notes	1.500%	02/12/25	1,411,747
Freddie Mac Notes	1.500%	02/12/25	2,199,252
Microsoft Corporation	2.700%	02/12/25	2,355,891
US Treasury Notes	1.500%	02/15/25	4,828,711
Roche Holdings Inc.	2.132%	03/10/25	1,664,941
US Treasury Notes	0.500%	03/31/25	2,332,813
Federal Home Loan Bank Notes	0.500%	04/14/25	2,128,194
Fannie Mae Notes	0.625%	04/22/25	1,549,052
Fannie Mae Notes	0.625%	04/22/25	2,846,150
US Treasury Notes	0.250%	05/31/25	1,568,516
Fannie Mae Notes	0.500%	06/17/25	3,273,127
Fannie Mae Notes	0.500%	06/17/25	2,023,135
Fannie Mae Notes	0.500%	06/17/25	1,129,622
Freddie Mac Notes	0.375%	07/21/25	1,220,888
Fannie Mae Notes	0.500%	08/14/25	2,134,164
Fannie Mae Notes	0.375%	08/25/25	1,966,898

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS
As of June 30, 2022

Unrestricted investments at fair market value as of June 30, 2022 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (continued):</u>			
Federal National Mortgage Assn.	0.375%	08/25/25	\$ 2,205,866
US Treasury Notes	0.250%	08/31/25	1,670,731
Freddie Mac Notes	0.375%	09/23/25	2,881,861
US Treasury Notes	0.250%	09/30/25	1,872,227
US Treasury Notes	0.250%	09/30/25	3,127,988
Fannie Mae Notes	0.500%	10/20/25	2,183,538
Fannie Mae Notes	0.500%	11/07/25	2,069,824
US Treasury Notes	0.375%	12/31/25	2,778,836
US Treasury Notes	0.375%	12/31/25	1,617,192
US Treasury Notes	0.375%	12/31/25	1,731,078
US Treasury Notes	0.375%	12/31/25	3,562,377
US Treasury Notes	0.375%	12/31/25	1,967,963
US Treasury Notes	0.375%	01/31/26	1,681,766
US Treasury Notes	0.750%	05/31/26	1,033,774
US Treasury Notes	0.750%	05/31/26	1,372,266
GNMA Pool #5276	3.000%	01/01/27	124,476
GNMA Pool #794283	3.500%	03/01/27	59,440
GNMA Pool #MA0007	3.000%	04/01/27	226,058
Fannie Mae Pool #1084	3.500%	06/01/32	332,788
Truist Bank Trust Deposit	Variable	Not Fixed	5,731,069
			<u>263,747,400</u>
Total Unrestricted Investments			<u><u>\$ 291,728,930</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS
As of June 30, 2022

Restricted investments at fair market value as of June 30, 2022 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
Freddie Mac Notes	0.250%	06/26/23	\$ 8,842,953
US Treasury Notes	0.125%	12/31/22	2,129,073
US Treasury Notes	2.250%	12/31/23	3,155,109
US Treasury Notes	1.750%	12/31/24	3,459,553
Freddie Mac Notes	0.375%	09/23/25	2,234,819
Truist Bank Trust Deposit	Variable	Not Fixed	71,761
			<u>19,893,268</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Notes	0.125%	12/31/22	687,627
Freddie Mac Notes	0.250%	06/23/23	1,305,736
US Treasury Notes	1.750%	12/31/24	930,300
Freddie Mac Notes	0.375%	09/23/25	330,404
Truist Bank Trust Deposit	Variable	Not Fixed	19,837
			<u>3,273,904</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>7,912,875</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>20,564</u>
<u>2016 Thimble Shoal Project Fund - TIFIA</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>36</u>
<u>2016 Thimble Shoal Project Fund - VTIB</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>554,470</u>
<u>2019 BANS Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>9,453,500</u>
<u>2019 BANS Capitalized Interest Fund</u>			
US Treasury Notes	2.125%	12/31/22	8,672,986
Freddie Mac Notes	0.250%	06/26/23	9,388,633
Freddie Mac Notes	0.250%	08/24/23	6,598,659
Local Government Investment Pool SNAP	Variable	Not Fixed	518
Truist Bank Trust Deposit	Variable	Not Fixed	13,755
			<u>24,674,551</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS
As of June 30, 2022

Restricted investments at fair market value as of June 30, 2022 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>2019 BANs Thimble Shoal Tunnel Project Fund</u>			
US Treasury Notes	1.875%	08/31/22	\$ 14,802,312
US Treasury Notes	1.875%	08/31/22	14,802,312
US Treasury Notes	2.000%	11/30/22	14,806,828
US Treasury Notes	0.125%	02/28/23	16,071,540
US Treasury Notes	1.375%	06/30/23	48,838,404
US Treasury Notes	0.250%	09/30/23	48,870,697
US Treasury Notes	0.125%	12/15/23	47,968,750
US Treasury Notes	0.250%	03/15/24	29,537,968
US Treasury Notes	0.250%	06/15/24	47,406,250
Local Government Investment Pool SNAP	Variable	Not Fixed	10,226,163
Truist Bank Trust Deposit	Variable	Not Fixed	342,518
			<u>293,673,742</u>
Total Restricted Investments			<u>359,456,910</u>
Total Investments			<u><u>\$ 651,185,840</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Vehicular Traffic Statistics

<u>DESCRIPTION/CLASS</u>	<u>CURRENT YEAR</u>				
	<u>April</u> <u>2022</u>	<u>May</u> <u>2022</u>	<u>June</u> <u>2022</u>	<u>3 Months</u> <u>Ended</u> <u>06/30/22</u>	<u>12 Months</u> <u>Ended</u> <u>06/30/22</u>
<u>Cars/Light Trucks:</u>					
Class 1	266,602	274,525	291,895	833,022	3,140,203
Class 1 Round Trip	36,511	36,104	39,299	111,914	431,527
Class 1 Commuter	16,633	16,982	16,373	49,988	193,836
Class 2	3,532	3,775	4,069	11,376	37,912
Class 2 Round Trip	449	471	498	1,418	4,863
Class 3	5,376	5,883	6,448	17,707	59,018
Class 3 Round Trip	567	546	629	1,742	6,403
Class 4	316	363	358	1,037	3,751
Class 4 Round Trip	37	35	45	117	441
Sub Total	<u>330,023</u>	<u>338,684</u>	<u>359,614</u>	<u>1,028,321</u>	<u>3,877,954</u>
<u>Heavy Trucks:</u>					
Class 9	5,252	5,255	5,785	16,292	62,069
Class 10	1,431	1,559	1,777	4,767	20,214
Class 11	1,464	1,363	1,568	4,395	15,483
Class 12	23,922	24,685	28,073	76,680	289,905
Class 13	303	299	298	900	4,356
Class 16	33	26	37	96	437
Sub Total	<u>32,405</u>	<u>33,187</u>	<u>37,538</u>	<u>103,130</u>	<u>392,464</u>
<u>Buses:</u>					
Class 8	159	160	73	392	1,152
Class 14	40	23	43	106	494
Class 15	512	513	479	1,504	5,343
Sub Total	<u>711</u>	<u>696</u>	<u>595</u>	<u>2,002</u>	<u>6,989</u>
Totals	<u>363,139</u>	<u>372,567</u>	<u>397,747</u>	<u>1,133,453</u>	<u>4,277,407</u>

<u>DESCRIPTION/CLASS</u>	<u>PRIOR YEAR</u>				
	<u>April</u> <u>2021</u>	<u>May</u> <u>2021</u>	<u>June</u> <u>2021</u>	<u>3 Months</u> <u>Ended</u> <u>06/30/21</u>	<u>12 Months</u> <u>Ended</u> <u>06/30/21</u>
<u>Cars/Light Trucks:</u>					
Class 1	251,670	289,890	318,005	859,565	2,703,977
Class 1 Round Trip	35,469	37,491	40,095	113,055	400,497
Class 1 Commuter	16,023	16,453	16,375	48,851	174,193
Class 2	3,375	4,250	4,628	12,253	37,594
Class 2 Round Trip	415	509	497	1,421	4,737
Class 3	5,339	6,424	6,919	18,682	53,732
Class 3 Round Trip	600	626	591	1,817	5,934
Class 4	364	440	475	1,279	3,635
Class 4 Round Trip	31	52	56	139	371
Sub Total	<u>313,286</u>	<u>356,135</u>	<u>387,641</u>	<u>1,057,062</u>	<u>3,384,670</u>
<u>Heavy Trucks:</u>					
Class 9	5,853	5,874	6,313	18,040	59,993
Class 10	1,421	1,766	1,577	4,764	16,609
Class 11	1,387	1,499	1,551	4,437	13,697
Class 12	22,923	22,332	24,773	70,028	264,821
Class 13	381	554	406	1,341	5,486
Class 16	46	44	44	134	459
Sub Total	<u>32,011</u>	<u>32,069</u>	<u>34,664</u>	<u>98,744</u>	<u>361,065</u>
<u>Buses:</u>					
Class 8	56	82	75	213	459
Class 14	25	30	22	77	306
Class 15	215	242	295	752	2,016
Sub Total	<u>296</u>	<u>354</u>	<u>392</u>	<u>1,042</u>	<u>2,781</u>
Totals	<u>345,593</u>	<u>388,558</u>	<u>422,697</u>	<u>1,156,848</u>	<u>3,748,516</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2022

(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

June 30, 2022

(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

June 30, 2022

(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

June 30, 2022

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

June 30, 2022

(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.

(k) *New Accounting Pronouncements*

The District implemented GASB Statement No. 87 – *Leases* during the fourth quarter of FY 2022. The new statement requires the recognition of certain lease assets and liabilities for leases that previously were recognized as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. In evaluating the District's contracts, the new statement was found to be applicable to four leases. On all four leases, the District is the lessor. A lessor is required to recognize a lease receivable and a deferred inflow of resources that is measured at the present value of the lease payments expected to be received during the lease term. Interest income is recognized on the lease receivable and the deferred inflows of resources are recognized as lease revenue by using straight-line amortization over the life of the lease. The District restated the quarterly and annual results for all periods shown in the financial statements. A lease receivable and deferred inflow of resources of \$8,523,476 was recorded as of July 1, 2021.

(3) Cash Deposits and Investments.

(a) *Deposits*

The carrying value of the District's deposits (unrestricted and restricted) was \$1,828,807 and \$1,216,393 at June 30, 2022 and 2021, respectively. The bank balance of these deposits was \$1,776,543 and \$1,126,870 at June, 2022 and 2021, 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.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2022

(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.

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

Investment type	Standard & Poor's credit rating						Total
	AAA	AA+	AA	AA-	A-1	A-1+	
U.S. treasuries	-	432,677,905	-	-	-	-	432,677,905
Supra-national agency	914,818	-	-	-	-	-	914,818
US agencies	-	132,177,167	-	-	-	-	132,177,167
Federal agency mortgage-backed	-	743,607	-	-	-	-	743,607
Certificate of deposit	-	-	-	-	10,731,503	2,689,548	13,421,051
Corporate notes	2,355,891	-	5,568,677	3,052,127	-	-	10,976,695
Commercial Paper	-	-	-	-	11,767,970	-	11,767,970
	3,270,709	565,598,679	5,568,677	3,052,127	22,499,473	2,689,548	602,679,213

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2022

(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 June 30, 2022, the District's portfolio was invested as follows:

Investment type	2022 Fair Value
U.S. treasuries	\$ 432,677,905
Supra-national agency	914,818
US agencies	132,177,167
Federal agency mortgage-backed	743,607
Certificate of deposit	13,421,051
Corporate notes	10,976,695
Commercial Paper	11,767,970
Money Market Funds	48,506,627
	<u>\$ 651,185,840</u>

(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.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2022

As of June 30, 2022, the District had the following investments and maturities:

Investment type	2022 Fair Value	Investment maturities (in years)			Not Fixed
		Less than 1 Year	Between 1 to 3 Years	Greater than 3 Years	
U.S. treasuries	\$ 432,677,905	117,774,081	292,487,629	22,416,195	-
Supra-national agency	914,818	-	914,818	-	-
US agencies	132,177,167	55,072,495	59,876,410	17,228,262	-
Federal agency mortgage-backed	743,607	844	-	742,763	-
Certificate of deposit	13,421,051	13,421,051	-	-	-
Corporate notes	10,976,695	4,553,725	6,422,970	-	-
Commercial Paper	11,767,970	11,767,970	-	-	-
Money Market Funds	48,506,627	-	-	-	48,506,627
	<u>\$ 651,185,840</u>	<u>202,590,166</u>	<u>359,701,827</u>	<u>40,387,220</u>	<u>48,506,627</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 June 30, 2022 is calculated as follows:

	Q4 FY22
Fair value of investments at end of quarter	\$ 651,185,840
Add:	
Proceeds from sales and maturities during the quarter	100,201,947
Less:	
Cost of investments purchased during the quarter	(105,522,740)
Fair value of investments at beginning of quarter	<u>(649,888,276)</u>
Change in fair value of investments	<u><u>\$ (4,023,229)</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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(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 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.:

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MRP Numeric code scale

Numeric code	Narrative code	Definition
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			
Bridge and tunnel assets	2022	2021	2020
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	89	89	85
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

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Percentage of land miles at an MRP condition Level 7 or better			
Bridge and tunnel assets	2022	2021	2020
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	84
Parallel crossing trestles	100	100	100

(5) General Resolution Revenue Bonds

Bond activity for Q4 FY22 was as follows:

	Balance March 31, 2022	Bond proceeds	Amortization of costs, premiums, discounts, net	Principal payments	Balance June 30, 2022	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds \$	321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	32,475,945	-	(383,938)	-	32,092,007	-
Series 2019 BANs	378,140,000	-	-	-	378,140,000	-
Series 2019 Issuance Premiums	21,175,639	-	(3,343,522)	-	17,832,117	-
<u>Subordinate Tier General Resolution</u>	-	-	-	-	-	-
TIFIA Series 2016	-	-	-	-	-	-
VTIB Series 2016	1,410,346	-	-	-	1,410,346	-
\$	<u>754,716,930</u>	<u>-</u>	<u>(3,727,460)</u>	<u>-</u>	<u>750,989,470</u>	<u>-</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.

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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.

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 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 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;
- 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 June 30, 2022:

	Fair value 2022	Fair value measurements using		
		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	\$ 432,677,905	—	432,677,905	—
Supra-National Agency	914,818	—	914,818	—
U.S. Agencies	132,177,167	—	132,177,167	—
Federal agency mortgage-backed	743,607	—	743,607	—
Certificate of Deposit	13,421,051	—	13,421,051	—
Corporate notes	10,976,695	—	10,976,695	—
Commercial paper	11,767,970	—	11,767,970	—
Total investments by fair value level	602,679,213	—	602,679,213	—
Investments measured at the net asset value (NAV):				
Money market funds	48,506,627			
Total investments measured at the NAV	48,506,627			
Total investments measured at fair value	\$ 651,185,840			