

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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CHESAPEAKE BAY
BRIDGE-TUNNEL



Financial Statements & Quarterly Report
March 31, 2024

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended March 31, 2024 provides long-term and short-term information about the District's overall financial status. This report consists of two parts: management's discussion and analysis and the basic financial statements, including notes to the basic financial statements. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the statements of net position as of March 31, 2024 and 2023, the related statements of revenues, expenses, and changes in net position and the statements of cash flows for the quarter and year then ended. The notes to the basic financial statements consist of information that is essential to a user's understanding of the basic financial statements.

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

Financial Highlights for the Quarter

- Gross toll revenues before deductions for the second quarter of fiscal year 2024 (Q3 FY24) were \$13,899,737 and were 11.5% more than toll revenues in the third quarter of fiscal year 2023 (Q3 FY23). During Q3 FY24, total revenue vehicles of 798,904 crossed the District's facility. This represents an increase in vehicular traffic of 1,075, or 0.1% from Q3 FY23.
- The District implemented a toll rate increase of approximately 10% effective January 1, 2024. The month of January 2024 was an all-time monthly record for revenue. February and March 2024 were all-time monthly records for both vehicular traffic and toll revenue.
- Other revenues totaled \$353,748 in Q3 FY24 and totaled \$334,361 in Q3 FY23, which is an increase of \$19,387 or 5.8%.
- Operating expenses before District facility expenses in Q3 FY24 totaled \$4,732,892, which is an increase in operating expenses of \$542,263, or 12.9% from Q3 FY23.
- Facility expenses for Q3 FY24 were \$943,312 compared to \$1,045,400 in Q3 FY23. District facility expenses primarily include preservation expenses for bridge and tunnel assets. Preservation expenses are predominantly large complex repairs and renovations and depending on the nature of the preservation expense can vary greatly from year to year.
- Net non-operating expenses in Q3 FY2024 total \$1,575,747. In comparison to net non-operating revenues of \$6,510,256 in Q3 FY2023, this represents an increase in non-operating expenses of \$8,086,003. The difference is primarily the result of a sharp decrease in the gain on the change in fair market value of investments.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

- Total net position at March 31, 2024 was \$872,888,256 a 7.1 % increase over total net position at March 31, 2023.

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
March 31, 2024 and 2023

Assets and Deferred Outflows of Resources	2024	2023
Current assets:		
Cash	\$ 1,239,858	1,377,846
Investments	57,516,796	141,043,764
Accounts receivable and accrued interest receivable, net	2,247,175	1,484,620
Lease Receivable	1,132,441	1,091,772
Prepaid expenses and other assets	144,417	166,315
Total current assets	<u>62,280,687</u>	<u>145,164,317</u>
Restricted assets:		
Cash	34,066	31,740
Investments	271,527,716	675,564,309
Accrued interest receivable	982,834	283,623
Total restricted assets	<u>272,544,616</u>	<u>675,879,672</u>
Investments	278,061,061	199,897,780
Long term lease receivable	3,756,323	4,985,419
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	622,535,999	536,678,056
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	3,936,400	3,970,776
Total capital assets	<u>1,057,552,007</u>	<u>971,728,440</u>
Bond insurance costs, net of accumulated amortization	2,099,109	2,211,402
Deferred outflows of resources:		
Pension	2,047,240	3,141,188
RHIP OPEB	951,385	1,035,761
GLI OPEB	105,781	129,244
Total deferred outflows of resources	<u>3,104,406</u>	<u>4,306,193</u>
Total assets and deferred outflows of resources	<u>\$ 1,679,398,209</u>	<u>2,004,173,223</u>

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
March 31, 2024 and 2023

Liabilities, Deferred Inflows and Net Position	2024	2023
Current liabilities:		
Accounts payable & accrued expenses	\$ 35,017,556	23,000,403
Current portion of long-term debt	-	385,941,551
Accrued interest	6,015,318	10,735,365
Unearned revenue	650,776	697,105
Total current liabilities	<u>41,683,650</u>	<u>420,374,424</u>
Long-term liabilities:		
Long-term debt, net of current portion	739,521,965	741,057,719
Net pension liability	13,051,028	10,380,686
Net RHIP OPEB Liability	5,749,406	5,799,973
Net GLI OPEB Liability	466,106	471,413
Total long-term liabilities	<u>758,788,505</u>	<u>757,709,791</u>
Deferred inflows of resources:		
Pension	1,408,036	4,832,962
RHIP OPEB	181,945	351,271
GLI OPEB	129,141	200,575
Lease Receivable	4,318,676	5,581,106
Total deferred inflows of resources	<u>6,037,798</u>	<u>10,965,914</u>
Total liabilities and deferred inflows of resources	<u>806,509,953</u>	<u>1,189,050,129</u>
Commitments and contingencies		
Net position:		
Net investment in capital assets	541,551,598	79,381,682
Restricted for debt service	30,033,286	413,060,251
Restricted for forfeited property	15,195	12,867
Unrestricted	301,288,177	322,668,294
Total net position	<u>872,888,256</u>	<u>815,123,094</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,679,398,209</u>	<u>2,004,173,223</u>

Statement of Revenues, Expenses, and Changes in Net Position
As of March 31, 2024 & 2023

	Three Months Ended		Nine Months Ended		Twelve Months Ended	
	March, 2024	March, 2023	March, 2024	March, 2023	March, 2024	March, 2023
Operating Revenues:						
Toll	\$ 13,617,276	12,164,204	50,733,024	49,097,223	68,904,384	66,812,902
Other	353,748	334,361	1,056,467	1,040,909	1,398,434	1,406,488
Total Operating Revenues	13,971,024	12,498,565	51,789,491	50,138,132	70,302,818	68,219,390
Operating Expenses:						
Administration	147,478	104,840	453,335	322,129	555,735	413,690
Finance	234,448	247,751	728,674	709,948	965,278	965,701
Operations	1,382,108	1,196,357	4,102,325	3,628,476	5,293,284	4,705,405
Maintenance	1,210,564	1,102,230	3,419,421	3,318,350	4,619,089	4,353,266
General	1,413,265	1,026,992	3,690,901	3,244,943	5,085,420	4,743,937
Consultants	109,746	324,997	494,166	621,304	646,099	747,674
Utilities	235,283	187,462	676,760	584,398	857,716	989,899
Total Operating Expenses Before District Facility Expenses	4,732,892	4,190,629	13,565,582	12,429,548	18,022,621	16,919,572
District Facility Expenses:						
Insurance	366,063	252,107	1,181,638	1,040,409	1,579,150	1,336,771
Depreciation	135,635	151,508	406,905	454,525	589,139	635,337
Bridge and Tunnel Preservation	347,499	397,965	2,260,837	1,167,152	3,394,403	1,867,859
Other	94,115	243,820	941,553	479,718	595,847	216,382
Total district facility expenses	943,312	1,045,400	4,790,933	3,141,804	6,158,539	4,056,349
Total Operating and District Facility Expenses	5,676,204	5,236,029	18,356,515	15,571,352	24,181,160	20,975,921
Operating Income (Loss)	8,294,820	7,262,536	33,432,976	34,566,780	46,121,658	47,243,469
Nonoperating Revenues (Expenses):						
Change in fair value of investments	283,491	10,714,120	20,680,051	7,612,107	24,233,384	3,588,877
Interest income	3,800,214	2,832,114	10,398,717	6,345,348	13,309,322	9,054,008
Interest expense	(5,659,452)	(7,035,978)	(18,867,911)	(17,137,295)	(25,903,889)	(22,131,297)
Bond issuance costs	-	-	-	-	-	14,549
Gain (loss) on asset disposal	-	-	-	-	4,000	(20,932)
Other revenue/expense, net	-	-	685	(15,906)	687	(15,906)
Total Nonoperating Revenues (Expenses), net	(1,575,747)	6,510,256	12,211,542	(3,195,746)	11,643,504	(9,510,701)
Increase (Decrease) in net position	6,719,073	13,772,792	45,644,518	31,371,034	57,765,162	37,732,768
Total net position, beginning of period	866,169,183	801,350,302	827,243,738	783,752,060	815,123,094	777,390,326
Total net position, end of period	\$ 872,888,256	815,123,094	872,888,256	815,123,094	872,888,256	815,123,094

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Cash Flows

For the period ended March 31, 2024 and 2023

	Q3 FY2024	Q3 FY2023	FYTD 2024	FYTD 2023
Cash flows from operating activities:				
Toll collections from customers	\$ 13,403,448	12,248,456	50,282,568	48,974,437
Scrip sales	70,564	74,060	208,172	178,060
Leasing revenue	196,458	333,406	984,748	874,533
Payments to employees for services and employee benefits	(3,612,945)	(3,271,246)	(11,085,758)	(10,499,631)
Payments to suppliers and consultants	(1,353,468)	(1,210,632)	(5,064,683)	(3,469,197)
Other	(83,722)	(276,652)	(40,762)	(502,990)
Net cash provided by (used in) operating activities	8,620,335	7,897,392	35,284,285	35,555,212
Cash flows from investing activities:				
Purchases of investments	(224,354,145)	(238,005,295)	(1,087,432,617)	(1,364,587,495)
Interest income	4,525,928	2,928,555	9,364,734	5,979,587
Sales and maturities of investments	235,325,071	247,932,667	1,517,691,103	1,006,879,589
Net cash provided by (used in) investing activities	15,496,854	12,855,927	439,623,220	(351,728,319)
Cash flows from capital and related financing activities:				
Capitalized expenditures	(20,077,149)	(13,088,517)	(56,951,849)	(36,535,265)
Forfeited assets	—	—	686	—
Bond proceeds	—	—	—	387,192,182
Other miscellaneous non-operating expenditures	—	—	—	(16,000)
Debt principal repayments	—	—	(378,140,000)	—
Interest paid	(12,075,884)	(17,500,090)	(39,848,947)	(34,887,031)
Net cash provided by (used in) capital and related financing activities	(32,153,033)	(30,588,607)	(474,940,110)	315,753,886
Net increase (decrease) in cash and restricted cash	(8,035,844)	(9,835,288)	(32,605)	(419,221)
Cash, beginning of period	9,309,768	11,244,874	1,306,529	1,828,807
Cash, end of period	\$ 1,273,924	1,409,586	1,273,924	1,409,586
Cash and restricted cash are presented in the accompanying statements of net position as follows:				
Cash	\$ 1,239,858	1,377,846	1,239,858	1,377,846
Restricted cash	34,066	31,740	34,066	31,740
	\$ 1,273,924	1,409,586	1,273,924	1,409,586
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 8,294,820	7,262,536	33,432,976	34,566,780
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	135,635	151,508	406,905	454,525
(Increase) decrease in operating assets:				
Accounts receivable	(140,088)	128,683	606,581	24,781
Lease receivable	184,165	235,541	814,156	696,490
Prepaid expenses and other assets	317,212	207,433	894,700	842,667
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	163,012	151,393	(36,904)	(174,386)
Lease liabilities	(269,020)	(198,075)	(807,060)	(746,934)
Unearned revenue	(65,401)	(41,627)	(27,069)	(108,711)
Net cash provided by operating activities	\$ 8,620,335	7,897,392	35,284,285	35,555,212

Chesapeake Bay Bridge and Tunnel District
Statement of Cash & Investments
As of March 31, 2024

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 992,786	3,174,701	4,167,487
Operations & Maintenance Reserve Fund	-	4,986,185	4,986,185
Reserve Maintenance Fund	122,922	26,923,936	27,046,858
General Fund	124,150	300,493,035	300,617,185
	<u>1,239,858</u>	<u>335,577,857</u>	<u>336,817,715</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2016 Bonds	-	325	325
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	594,559	594,559
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	39	39
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	241,027,916	241,027,916
Series 2016 Interest Fund	-	3,957,220	3,957,220
Series 2021 TIFIA Interest Fund	-	1,692,010	1,692,010
Series 2016 VTIB Interest Fund	-	367,119	367,119
TIFIA Debt Service Reserve Fund	-	20,527,708	20,527,708
VTIB Debt Service Reserve Fund	-	3,360,820	3,360,820
	<u>-</u>	<u>271,527,716</u>	<u>271,527,716</u>
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	34,066	-	34,066
Totals	<u>\$ 1,273,924</u>	<u>607,105,573</u>	<u>608,379,497</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2024

Unrestricted investments at fair market value as of March 31, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>Revenue Bond - Revenue Fund</u>			
Truist Trust Deposit	Variable	Not Fixed	\$ 3,174,701
<u>General Revenue Bond - Operations & Maintenance Reserve Fund</u>			
US Treasury Notes	3.000%	06/30/24	4,902,269
Truist Trust Deposit	Variable	Not Fixed	83,916
			<u>4,986,185</u>
<u>General Revenue Bond - Reserve Maintenance Fund</u>			
US Treasury Notes	4.375%	10/31/24	1,094,328
US Treasury Notes	2.500%	04/30/24	3,491,250
US Treasury Notes	2.500%	05/31/24	3,384,063
US Treasury Notes	3.000%	06/30/24	1,392,125
US Treasury Notes	4.125%	01/31/25	1,081,144
US Treasury Notes	1.500%	02/15/25	3,488,625
US Treasury Notes	2.625%	04/15/25	1,093,050
Truist Trust Deposit	Variable	Not Fixed	11,899,351
			<u>26,923,936</u>
<u>General Revenue Bond - General Fund</u>			
US Treasury Bill	Discount	04/25/24	617,826
US Treasury Bill	Discount	04/25/24	8,619,667
US Treasury Notes	0.625%	10/15/24	400,006
US Treasury Notes	2.250%	10/31/24	417,762
US Treasury Notes	1.500%	10/31/24	406,116
US Treasury Notes	0.750%	11/15/24	2,033,178
US Treasury Notes	2.125%	11/30/24	1,019,038
US Treasury Notes	1.000%	12/15/24	3,778,162
Federal National Mortgage Association Notes	1.625%	01/07/25	3,172,361
Federal National Mortgage Association Notes	1.625%	01/07/25	2,632,281
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	954,701
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	1,424,783
Federal Home Loan Mortgage Corporation Notes	1.500%	02/12/25	2,219,560
US Treasury Notes	1.500%	02/15/25	4,869,539
Roche Holdings Inc.	2.132%	03/10/25	1,675,372
US Treasury Notes	0.500%	03/31/25	2,391,015
Federal Home Loan Bank Notes	0.500%	04/14/25	2,180,598
Federal National Mortgage Association Notes	0.625%	04/22/25	1,584,681
Federal National Mortgage Association Notes	0.625%	04/22/25	2,911,612

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2024

Unrestricted investments at fair market value as of March 31, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (Continued)</u>			
Colgate-Palmolive Co. Corp. Notes	7.600%	05/19/25	\$ 2,363,220
US Treasury Notes	0.250%	05/31/25	1,609,687
Federal National Mortgage Association Notes	0.500%	06/17/25	3,348,589
Federal National Mortgage Association Notes	0.500%	06/17/25	2,069,778
Federal National Mortgage Association Notes	0.500%	06/17/25	1,155,666
US Treasury Notes	3.000%	07/15/25	639,546
US Treasury Notes	3.000%	07/15/25	3,007,331
Federal Home Loan Mortgage Corporation Notes	4.050%	07/21/25	4,936,440
Federal Home Loan Mortgage Corporation Notes	0.375%	07/21/25	1,248,903
US Treasury Notes	0.250%	07/31/25	9,945,458
Federal Home Loan Bank Notes	4.100%	08/08/25	4,935,425
Federal National Mortgage Association Notes	0.500%	08/14/25	2,179,443
Federal National Mortgage Association Notes	0.375%	08/25/25	2,008,784
Federal National Mortgage Corporation Notes	0.375%	08/25/25	2,252,842
Federal Home Loan Mortgage Corporation Notes	4.050%	08/28/25	4,931,685
Federal National Mortgage Association Notes	4.000%	08/28/25	4,928,910
US Treasury Notes	0.250%	08/31/25	1,710,937
US Treasury Notes	0.250%	08/31/25	1,209,375
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,940,547
US Treasury Notes	0.250%	09/30/25	1,915,469
US Treasury Notes	0.250%	09/30/25	3,200,234
US Treasury Notes	4.250%	10/15/25	9,401,494
Federal National Mortgage Association Notes	0.500%	10/20/25	2,224,329
Microsoft Corporation	3.125%	11/03/25	2,321,683
Federal National Mortgage Association Notes	0.500%	11/07/25	2,105,302
Bank of NY Mellon Notes	5.224%	11/21/25	4,055,882
US Treasury Notes	0.375%	12/31/25	2,828,875
US Treasury Notes	0.375%	12/31/25	1,646,312
US Treasury Notes	0.375%	12/31/25	1,762,250
US Treasury Notes	0.375%	12/31/25	3,626,525
US Treasury Notes	0.375%	12/31/25	2,003,400
US Treasury Notes	0.375%	01/31/26	9,906,352
US Treasury Notes	0.375%	01/31/26	1,710,383
US Treasury Notes	0.750%	04/30/26	9,847,175
Federal Home Loan Mortgage Corporation Notes	5.400%	02/23/26	9,089,080
Proctor & Gamble Corporation	1.000%	04/23/26	3,422,416
US Treasury Notes	0.750%	05/31/26	1,041,012
US Treasury Notes	0.750%	05/31/26	1,381,875
US Treasury Notes	2.125%	05/31/26	3,227,344

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2024

Unrestricted investments at fair market value as of March 31, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (Continued)</u>			
US Treasury Notes	0.875%	06/30/26	\$ 6,869,132
US Treasury Notes	0.625%	07/31/26	3,093,044
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,221,141
US Treasury Notes	1.500%	08/15/26	1,118,063
US Treasury Notes	0.875%	09/30/26	6,761,850
US Treasury Notes	1.625%	10/31/26	4,155,241
US Treasury Notes	2.000%	11/15/26	1,408,125
US Treasury Notes	2.000%	11/15/26	4,144,581
US Treasury Notes	1.250%	12/31/26	4,796,387
Government National Mortgage Association Pool #5276	3.000%	01/01/27	56,137
US Treasury Notes	1.500%	01/31/27	4,144,530
Microsoft Corporation	3.300%	02/06/27	2,423,727
US Treasury Notes	1.875%	02/28/27	2,111,809
US Treasury Notes	1.875%	02/28/27	3,200,275
Government National Mortgage Association Pool #794283	3.500%	03/01/27	17,708
Freddie Mac Structured Pass-Thru Certificates K064 A2	3.224%	03/01/27	3,168,659
US Treasury Notes	2.500%	03/31/27	4,203,431
Government National Mortgage Association Pool #MA0007	3.000%	04/01/27	105,596
Federal Home Loan Mortgage Corporation Notes	3.243%	04/01/27	1,787,540
US Treasury Notes	2.750%	04/30/27	1,261,856
US Treasury Notes	2.625%	05/31/27	4,690,898
Federal Home Loan Mortgage Corporation Notes	3.117%	06/01/27	2,778,214
US Treasury Notes	3.250%	06/30/27	3,061,526
US Treasury Notes	3.250%	06/30/27	3,331,945
US Treasury Notes	2.750%	07/31/27	4,511,016
US Treasury Notes	3.125%	08/31/27	3,386,203
US Treasury Notes	4.125%	09/30/27	3,829,844
US Treasury Notes	4.125%	10/31/27	4,439,340
US Treasury Notes	2.250%	11/15/27	3,003,900
US Treasury Notes	3.875%	12/31/27	4,329,875
Freddie Mac Structured Pass-Thru Certificates K507 A1	4.800%	04/01/28	3,140,544
Freddie Mac Structured Pass-Thru Certificates KJ47 A1	5.272%	08/01/28	1,878,309
Freddie Mac Structured Pass-Thru Certificates K507 A2	4.800%	09/01/28	3,309,899
Freddie Mac Structured Pass-Thru Certificates K509 A2	4.850%	09/01/28	2,527,174
Freddie Mac Structured Pass-Thru Certificates K510 A2	5.069%	10/01/28	1,292,469
Freddie Mac Structured Pass-Thru Certificates K511 A2	4.860%	10/01/28	1,865,508
Freddie Mac Structured Pass-Thru Certificates K512 A2	5.000%	11/01/28	1,699,168
Freddie Mac Structured Pass-Thru Certificates K514 A2	4.572%	12/01/28	1,720,557
Freddie Mac Structured Pass-Thru Certificates K515 A2	5.400%	01/01/29	3,033,071

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2024

Unrestricted investments at fair market value as of March 31, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - General Fund (Continued)</u>			
Freddie Mac Structured Pass-Thru Certificates K516 A2	5.477%	01/01/29	\$ 3,044,000
Freddie Mac Structured Pass-Thru Certificates K517 A2	5.355%	01/25/29	2,712,492
Federal National Mortgage Association Pool #1084	3.500%	06/01/32	226,013
Truist Trust Deposit	Variable	Not Fixed	<u>1,184,022</u>
			<u>300,493,035</u>
Total Unrestricted Investments			\$ <u><u>335,577,857</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2024

Restricted investments at fair market value as of March 31, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>Parallel Thimble Shoal Tunnel Project Fund - Series 2016 Bonds</u>			
Truist Trust Deposit	Variable	Not Fixed	\$ 325
<u>Parallel Thimble Shoal Tunnel Project Fund - TIFIA</u>			
Truist Trust Deposit	Variable	Not Fixed	39
<u>Parallel Thimble Shoal Tunnel Project Fund - VTIB</u>			
Truist Trust Deposit	Variable	Not Fixed	594,559
<u>Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs</u>			
US Treasury Notes	0.250%	06/15/24	49,484,376
US Treasury Notes	1.750%	06/30/24	25,669,329
US Treasury Notes	4.250%	06/30/24	24,506,850
US Treasury Notes	2.125%	11/30/24	25,221,179
US Treasury Notes	3.875%	03/31/25	25,203,238
US Treasury Notes	3.875%	01/15/26	19,678,003
US Treasury Notes	3.750%	04/15/26	19,859,482
Local Government Investment Pool SNAP	Variable	Not Fixed	50,384,019
Truist Trust Deposit	Variable	Not Fixed	1,021,440
			<u>241,027,916</u>
<u>General Revenue Bond - Series 2016 Interest Fund</u>			
US Treasury Notes	3.000%	06/30/24	1,309,592
US Treasury Notes	1.750%	06/30/24	1,318,155
US Treasury Notes	1.750%	06/30/24	1,324,101
Truist Trust Deposit	Variable	Not Fixed	5,372
			<u>3,957,220</u>
<u>General Revenue Bond - Series 2021 TIFIA Interest Fund</u>			
US Treasury Notes	1.750%	06/30/24	563,932
US Treasury Notes	1.750%	06/30/24	565,915
US Treasury Notes	3.000%	06/30/24	559,833
Truist Trust Deposit	Variable	Not Fixed	2,330
			<u>1,692,010</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
US Treasury Notes	1.750%	06/30/24	121,904
US Treasury Notes	1.750%	06/30/24	121,905
US Treasury Notes	3.000%	06/30/24	121,314
Truist Trust Deposit	Variable	Not Fixed	1,996
			<u>367,119</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of March 31, 2024

Restricted investments at fair market value as of March 31, 2024 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
US Treasury Notes	1.750%	06/30/24	\$ 14,732,609
US Treasury Notes	1.750%	12/31/24	3,481,308
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,280,329
Truist Trust Deposit	Variable	Not Fixed	33,462
			<u>20,527,708</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Notes	1.750%	06/30/24	2,081,297
US Treasury Notes	1.750%	12/31/24	936,150
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	337,133
Truist Trust Deposit	Variable	Not Fixed	6,240
			<u>3,360,820</u>
Total restricted investments			<u>271,527,716</u>
Total investments			\$ <u><u>607,105,573</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Vehicular Traffic Statistics

<u>DESCRIPTION/CLASS</u>	<u>CURRENT YEAR</u>				
	<u>January 2024</u>	<u>February 2024</u>	<u>March 2024</u>	<u>3 Months Ended 03/31/24</u>	<u>12 Months Ended 03/31/24</u>
<u>Cars/Light Trucks:</u>					
Class 1	160,862	159,350	210,271	530,483	3,118,988
Class 1 Round Trip	34,931	33,281	37,046	105,258	466,441
Class 1 Commuter	16,016	19,141	18,428	53,585	217,563
Class 2	1,336	1,172	1,941	4,449	36,072
Class 2 Round Trip	320	272	379	971	5,087
Class 3	2,512	2,531	3,457	8,500	57,820
Class 3 Round Trip	488	503	532	1,523	7,259
Class 4	255	220	222	697	3,522
Class 4 Round Trip	32	35	34	101	371
Sub Total	<u>216,752</u>	<u>216,505</u>	<u>272,310</u>	<u>705,567</u>	<u>3,913,123</u>
<u>Heavy Trucks:</u>					
Class 9	4,165	4,305	4,823	13,293	61,530
Class 10	1,366	1,417	1,217	4,000	19,200
Class 11	978	1,021	1,236	3,235	16,302
Class 12	24,008	22,645	23,159	69,812	298,168
Class 13	311	436	389	1,136	4,970
Class 16	19	28	43	90	309
Sub Total	<u>30,847</u>	<u>29,852</u>	<u>30,867</u>	<u>91,566</u>	<u>400,479</u>
<u>Buses:</u>					
Class 8	146	181	216	543	1,693
Class 14	17	10	35	62	538
Class 15	311	346	509	1,166	5,505
Sub Total	<u>474</u>	<u>537</u>	<u>760</u>	<u>1,771</u>	<u>7,736</u>
Totals	<u>248,073</u>	<u>246,894</u>	<u>303,937</u>	<u>798,904</u>	<u>4,321,338</u>
<u>DESCRIPTION/CLASS</u>	<u>PRIOR YEAR</u>				
	<u>January 2023</u>	<u>February 2023</u>	<u>March 2023</u>	<u>3 Months Ended 03/31/23</u>	<u>12 Months Ended 03/31/23</u>
<u>Cars/Light Trucks:</u>					
Class 1	170,987	157,612	202,747	531,346	3,112,937
Class 1 Round Trip	34,679	31,278	36,178	102,135	444,172
Class 1 Commuter	15,561	16,602	19,152	51,315	201,045
Class 2	1,501	1,317	1,853	4,671	36,610
Class 2 Round Trip	350	294	366	1,010	5,133
Class 3	2,634	2,431	3,669	8,734	57,580
Class 3 Round Trip	547	491	599	1,637	6,873
Class 4	212	191	266	669	3,465
Class 4 Round Trip	27	25	30	82	369
Sub Total	<u>226,498</u>	<u>210,241</u>	<u>264,860</u>	<u>701,599</u>	<u>3,868,184</u>
<u>Heavy Trucks:</u>					
Class 9	4,149	3,857	4,805	12,811	59,785
Class 10	1,576	1,532	1,699	4,807	21,445
Class 11	1,112	980	1,336	3,428	16,098
Class 12	24,341	22,322	25,768	72,431	298,618
Class 13	255	255	333	843	3,482
Class 16	40	57	22	119	410
Sub Total	<u>31,473</u>	<u>29,003</u>	<u>33,963</u>	<u>94,439</u>	<u>399,838</u>
<u>Buses:</u>					
Class 8	148	122	211	481	1,471
Class 14	16	23	32	71	499
Class 15	367	381	491	1,239	5,496
Sub Total	<u>531</u>	<u>526</u>	<u>734</u>	<u>1,791</u>	<u>7,466</u>
Totals	<u>258,502</u>	<u>239,770</u>	<u>299,557</u>	<u>797,829</u>	<u>4,275,488</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

(1) Organization and Summary of Operations

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

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

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

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

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

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

(2) Summary of Significant Accounting Policies

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

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

(a) Cash and Investments

Cash includes cash on hand and various checking accounts.

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

(b) Restricted Assets

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

(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

March 31, 2024

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

March 31, 2024

(j) Deferred Outflows and Inflows of Resources

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

(k) New Accounting Pronouncements

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

(3) Cash Deposits and Investments

(a) Deposits

The bank balance of the District's deposits (unrestricted and restricted) was \$1,668,797 and \$1,482,293 at March 31, 2024 and 2023, respectively. The carrying value of these deposits was \$1,273,924 and \$1,409,586 at March 31, 2024 and 2023, respectively. The entire bank balance was covered for both fiscal years by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (VSPD Act). In accordance with the VSPD Act, the District's depository institution pledged collateral in the form of federal agency obligations with a market value equal to 110% of the District's deposits with a first-party trustee in the name of the Treasurer of the Commonwealth of Virginia. In the event that the banking institution fails, the Treasurer will take possession of the collateral, liquidate it, and reimburse the District up to the value of its deposits. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the VSPD Act and for notifying local governments of compliance by banks.

(b) Investments

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

(c) Credit Risk

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

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

Investment Type	Standard & Poor Credit Rating				
	Total	AAA	AA+	AA-	A-1+
U.S. Treasury Bond/Note	\$ 405,576,048	-	405,576,048	-	-
U.S. Treasury Bill	9,237,493	-	-	-	9,237,493
U.S. Agency	104,011,364	-	104,011,364	-	-
Federal Agency					
Mortgage - Backed	405,453	-	405,453	-	-
Corporate Notes	19,483,441	4,745,411	7,259,733	7,478,298	-
	<u>\$ 538,713,799</u>	<u>4,745,411</u>	<u>517,252,597</u>	<u>7,478,298</u>	<u>9,237,493</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 March 31, 2024, the District's portfolio was invested as follows:

Investment Type	2024 Fair Value	Percentage of Portfolio
U.S. Treasury Bond/Note	\$ 405,576,048	66.80%
U.S. Treasury Bill	9,237,493	1.52%
U.S. Agency	104,011,364	17.13%
Federal Agency		
Mortgage - Backed	405,453	0.07%
Corporate Notes	19,483,441	3.21%
Money Market Funds	68,391,774	11.27%
	<u>\$ 607,105,573</u>	<u>100.0%</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.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

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

As of March 31, 2024, the District had the following investments and maturities:

Investment Type	Fair Value	Investment maturities (in years)			Not Fixed
		Less than 1 Year	Between 1 to 3 Years	Greater than 3 Years	
U.S. Treasury Bond/Note	\$ 405,576,048	183,877,353	185,852,292	35,846,402	
U.S. Treasury Bill	9,237,493	9,237,493	-	-	
U.S. Agency	104,011,364	10,403,687	62,818,734	30,788,943	
Federal Agency					
Mortgage - Backed	405,453	-	73,845	331,608	
Corporate Notes	19,483,441	1,675,372	17,808,070	-	
Money Market Funds	68,391,774				68,391,774
	<u>\$ 607,105,573</u>	<u>205,193,905</u>	<u>266,552,940</u>	<u>66,966,954</u>	<u>68,391,774</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 March 31, 2024 is calculated as follows:

	Q3 FY24
Investment Fair Value at end of quarter	\$ 607,105,573
Add:	
Proceeds from sales and maturities during the quarter	235,325,071
Less:	
Cost of investments purchased during the quarter	(224,354,145)
Fair value of investments at beginning of quarter	(617,793,008)
Change in fair value of investments	<u>\$ 283,491</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

March 31, 2024

(4) Capital Assets

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

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

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

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

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

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

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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	2024	2023	2022
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	89	89	89
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

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

Bridge and tunnel assets	2024	2023	2022
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	84
Parallel crossing trestles	100	100	100

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(5) General Resolution Revenue Bonds

Bond activity for Q3 FY24 was as follows:

	Balance December 31, 2023	Bond proceeds	Amortization of costs, premiums, discounts, net	Principal payments	Balance March 31, 2024	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	29,788,376	-	(383,939)	-	29,404,437	-
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	-
VTIB Series 2016	50,073,856	-	-	-	50,073,856	-
\$	<u>739,905,904</u>	<u>-</u>	<u>(383,939)</u>	<u>-</u>	<u>739,521,965</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 First Supplemental Resolution, adopted by the Commission on July 9, 2019 (the "First Supplemental Resolution"). The Series 2019 BANs will mature on November 1, 2023. The proceeds of the Series 2019 BANs will be used to provide funds to pay capitalized interest on the Series 2019 BANs, finance a portion of the costs of the Parallel Thimble Shoal Tunnel Project, and pay certain costs of issuing the Series 2019 BANs. The Series 2019 BANs are being issued in anticipation of the proceeds to be received by the District from disbursements requisitioned by the District in accordance with the terms of the TIFIA Loan Agreement and the VTIB Loan Agreement. The issuance by the District of the Series 2019 BANs as interim financing in anticipation of the receipt of the TIFIA Loan and VTIB Loan proceeds is expected to provide substantial interest cost savings for the District.

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

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

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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.

(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.

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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.

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 March 31, 2024:

	Fair value measurements using			
	Fair value 2024	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. Treasury Bond/Note	\$ 405,576,048	—	405,576,048	—
U.S. Treasury Bill	9,237,493	—	9,237,493	—
U.S. Agency	104,011,364	—	104,011,364	—
Federal Agency Mortgage Backed	405,453	—	405,453	—
Corporate Notes	19,483,441	—	19,483,441	—
Total investments by fair value level	<u>538,713,799</u>	<u>—</u>	<u>538,713,799</u>	<u>—</u>
Investments measured at the net asset value (NAV)				
Money market funds	<u>68,391,774</u>			
Total investments measured at fair value	<u>\$ 607,105,573</u>			