

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Lucius J. Kellam, Jr. Bridge-Tunnel



Financial Statements & Quarterly Report
June 30, 2025

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2025

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the District) financial report for the quarter ended June 30, 2025 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 30, 2025 and 2024, 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 2025 (Q4 FY25) were \$21,173,142 and were 1.9% more than toll revenues in the fourth quarter of fiscal year 2024 (Q4 FY24). During Q4 FY25, total revenue vehicles of 1,159,796 crossed the District's facility. This represents an increase in vehicular traffic of 24,819 from Q4 FY24.
- April and May 2025 represented record all-time highs for toll revenues.
- Other revenues were a net debit of \$293,525 in Q4 FY25 and totaled \$299,355 in Q4 FY24, which represents a decrease of \$592,880 from the comparable quarter in FY 2024. The unusual negative result in other revenue was caused by a loss on lease modification of \$498,840 in the current period. The modified lease became effective on June 1, 2025 between the District and the design-build contractor for the Parallel Thimble Shoal Tunnel Project, Chesapeake Tunnel Joint Venture. The modification was required due to reducing CTJV's right to use a portion of the District's Little Creek property in Virginia Beach.
- Operating expenses before District facility expenses in Q4 FY25 totaled \$4,281,425, which is a decrease in operating expenses of \$280,412 or 6.1% from Q4 FY24.
- Facility expenses for Q4 FY25 were \$302,905 compared to a net credit of \$265,388 in Q4 FY24 which represents an increase of \$568,293 in facility expenses. The unusual credit in the comparable quarter from FY 2024 was due to a refund from a prior period overpayment to a vendor for \$102,557 and the capitalization of \$1,424,193 of prior period expenses as fixed assets. District facility expenses primarily include preservation expenses for bridge and tunnel assets. Preservation expenses are predominantly large complex repairs and renovations and depending on the nature of the preservation expense can vary greatly from year to year.
- Net non-operating revenues in Q4 FY25 total \$822,769 in comparison to net non-operating revenues of \$1,090,649 in Q4 FY24, this represents a decrease in non-operating revenues of \$267,880.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Quarterly Report for the Period Ending

June 30, 2025

- Total net position at June 30, 2025 was \$949,866,569 a 6.8% increase over total net position at June 30, 2024.
- On June 27, 2025, S&P Global Ratings raised its long-term and underlying rating on the District's Series 2016 First Tier Toll Revenue Bonds and the subordinate tier Series 2021 Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan from BBB to BBB+ with a stable outlook.

Contacting the District's Financial Management

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

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
June 30, 2025 and 2024

	2025	2024 (as restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash	\$ 1,620,848	1,448,702
Investments	77,774,258	77,774,258
Accounts receivable and accrued interest receivable, net	2,554,709	2,726,940
Prepaid expenses and other assets	1,476,214	1,140,278
Lease receivable	903,276	1,053,846
Total Current Assets	<u>84,329,305</u>	<u>84,144,024</u>
Restricted Assets:		
Cash	19,529	34,492
Investments	201,353,975	260,757,096
Accrued interest receivable	1,265,947	1,824,645
Total restricted assets	<u>202,639,451</u>	<u>262,616,233</u>
Investments	268,112,134	252,363,684
Long-term lease receivable	1,765,426	3,463,769
Capital Assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	751,096,846	652,690,890
Construction in progress - Parallel Chesapeake Tunnel	3,476,500	3,476,500
Land	5,232,907	5,232,907
Miscellaneous capital assets, net of accumulated depreciation	5,561,139	5,223,886
Total Capital Assets, net	<u>1,187,737,593</u>	<u>1,088,994,384</u>
Bond insurance costs, net of accumulated amortization	<u>1,958,744</u>	<u>2,071,037</u>
Deferred Outflows of Resources:		
Pension	2,454,796	1,945,385
RHIP OPEB	323,657	539,534
GLI OPEB	133,162	112,009
Total Deferred Outflows of Resources	<u>2,911,615</u>	<u>2,596,928</u>
Total Assets and Deferred Outflows of Resources	<u><u>\$ 1,749,454,268</u></u>	<u><u>1,696,250,059</u></u>

Chesapeake Bay Bridge and Tunnel District
Statements of Net Position
June 30, 2025 and 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	2025	2024 (as restated)
Current Liabilities:		
Accounts payable & accrued expenses	\$ 26,132,254	30,676,036
Current portion of long-term debt	718,915	-
Accrued interest	12,017,230	12,030,635
Unearned revenue	751,713	732,389
Total Current Liabilities	<u>39,620,112</u>	<u>43,439,060</u>
Long-Term Liabilities:		
Long-term debt, net of current portion	736,883,358	739,138,027
Net pension liability	13,374,855	13,774,988
Net RHIP OPEB Liability	4,607,735	4,635,569
Net GLI OPEB Liability	439,785	460,656
Total Long-Term Liabilities	<u>755,305,733</u>	<u>758,009,240</u>
Deferred Inflows of Resources:		
Pension	1,270,654	748,163
RHIP OPEB	629,520	917,478
GLI OPEB	89,834	94,364
Lease Receivable	2,671,846	4,049,656
Total Deferred Inflows of Resources	<u>4,661,854</u>	<u>5,809,661</u>
Total Liabilities and Deferred Inflows of Resources	<u>799,587,699</u>	<u>807,257,961</u>
Net Position:		
Net investment in capital assets	585,484,596	541,925,403
Restricted for debt service	36,795,777	36,278,906
Restricted for forfeited property	15,621	15,621
Unrestricted	327,570,575	310,772,168
Total Net Position	<u>949,866,569</u>	<u>888,992,098</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ <u>1,749,454,268</u>	<u>1,696,250,059</u>

Statement of Revenues, Expenses, and Changes in Net Position
As of June 30, 2025 & 2024

	Three Months Ended		Twelve Months Ended	
	June, 2025	June, 2024 (as restated)	June, 2025	June, 2024 (as restated)
Operating Revenues:				
Toll	\$ 20,746,074	20,257,470	74,297,475	70,990,494
Other	(293,525)	299,355	924,662	1,355,822
Total Operating Revenues	20,452,549	20,556,825	75,222,137	72,346,316
Operating Expenses:				
Administration	157,189	152,964	638,184	606,299
Finance	316,109	258,677	1,098,496	987,350
Operations	1,372,982	1,368,745	5,684,913	5,471,070
Maintenance	1,226,161	1,238,296	4,993,584	4,657,717
General	832,513	1,185,088	4,327,548	4,875,990
Consultants	193,394	160,143	776,460	654,309
Utilities	183,077	197,924	844,271	874,684
Total Operating Expenses Before District Facility Expenses	4,281,425	4,561,837	18,363,456	18,127,419
District Facility Expenses:				
Insurance	382,681	369,887	1,573,408	1,551,524
Depreciation	157,150	136,707	761,478	543,612
Bridge and Tunnel Preservation	314,480	(46,243)	1,289,306	2,388,139
Other	(551,406)	(725,739)	163,987	42,269
Total district facility expenses	302,905	(265,388)	3,788,179	4,525,544
Total Operating and District Facility Expenses	4,584,330	4,296,449	22,151,635	22,652,963
Operating Income (Loss)	15,868,219	16,260,376	53,070,502	49,693,353
Nonoperating Revenues (Expenses):				
Change in fair value of investments	2,160,601	2,045,271	12,158,861	22,725,321
Interest income	4,317,007	4,678,281	18,326,223	15,076,998
Interest expense	(5,652,749)	(5,659,452)	(22,679,025)	(24,527,363)
Gain (loss) on asset disposal	14,230	26,549	14,230	26,549
Other revenue/expense, net	(16,320)	-	(16,320)	685
Total Nonoperating Revenues (Expenses), net	822,769	1,090,649	7,803,969	13,302,190
Increase (Decrease) in net position	16,690,988	17,351,025	60,874,471	62,995,543
Total net position, beginning of period	933,175,581	871,641,073	888,992,098	825,996,555
Total net position, end of period	\$ 949,866,569	888,992,098	949,866,569	888,992,098

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Cash Flows

For the period ended June 30, 2025 and 2024

	Q4 FY2025	Q4 FY2024 (as restated)	FY 2025	FY 2024 (as restated)
Cash flows from operating activities:				
Toll collections from customers	\$ 19,952,745	19,715,469	74,151,400	69,997,756
Scrip sales	65,080	79,968	297,560	288,420
Leasing revenue	339,418	548,409	1,436,529	1,533,157
Payments to employees for services and employee benefits	(3,874,975)	(4,083,124)	(15,852,606)	(15,168,874)
Payments to suppliers and consultants	(2,434,549)	(1,622,937)	(5,856,370)	(6,861,171)
Other	474,806	678,134	(205,488)	810,917
Net cash provided by (used in) operating activities	14,522,525	15,315,919	53,971,025	50,600,205
Cash flows from investing activities:				
Purchases of investments	(209,642,142)	(302,629,412)	(678,256,447)	(1,390,062,030)
Interest income	4,644,254	3,800,850	18,925,687	13,165,584
Sales and maturities of investments	221,959,462	320,885,218	734,069,979	1,838,576,321
Net cash provided by (used in) investing activities	16,961,574	22,056,656	74,739,219	461,679,875
Cash flows from capital and related financing activities:				
Capitalized expenditures	(31,112,686)	(37,189,854)	(104,435,079)	(94,141,702)
Forfeited assets	—	—	(16,320)	686
Disposal of capital assets	14,230	26,549	14,230	26,549
Debt principal repayments	—	—	—	(378,140,000)
Interest paid	—	—	(24,115,892)	(39,848,948)
Net cash provided by (used in) capital and related financing activities	(31,098,456)	(37,163,305)	(128,553,061)	(512,103,415)
Net increase (decrease) in cash and restricted cash	385,643	209,270	157,183	176,665
Cash, beginning of period	1,254,734	1,273,924	1,483,194	1,306,529
Cash, end of period	\$ 1,640,377	1,483,194	1,640,377	1,483,194
Cash and restricted cash are presented in the accompanying statements of net position as follows:				
Cash	\$ 1,620,848	1,448,702	1,620,848	1,448,702
Restricted cash	19,529	34,492	19,529	34,492
	\$ 1,640,377	1,483,194	1,640,377	1,483,194
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 15,868,219	16,260,376	53,070,502	49,693,353
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	157,151	136,707	761,478	543,612
(Increase) decrease in operating assets:				
Accounts receivable	(707,559)	(444,146)	131,466	162,436
Lease receivable	1,087,744	371,149	1,848,913	1,185,305
Prepaid expenses and other assets	(1,348,061)	(995,861)	(335,936)	(101,161)
Increase (decrease) in operating liabilities:				
Accounts payable and accrued expenses	550,604	22,067	386,610	(14,838)
Pension liabilities	(387,053)	165,942	(387,053)	165,942
RHIP OPEB liabilities	(99,915)	33,547	(99,915)	33,547
GLI OPEB liabilities	(46,554)	(46,455)	(46,554)	(46,455)
Lease liabilities	(569,120)	(269,020)	(1,377,810)	(1,076,080)
Unearned revenue	17,069	81,613	19,324	54,544
Net cash provided by operating activities	\$ 14,522,525	15,315,919	53,971,025	50,600,205

Chesapeake Bay Bridge and Tunnel District
Statement of Cash & Investments
As of June 30, 2025

	<u>Cash</u>	<u>Investments</u>	<u>Totals</u>
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 1,220,188	5,202,630	6,422,818
Operations & Maintenance Reserve Fund	-	5,138,962	5,138,962
Reserve Maintenance Fund	212,964	29,115,296	29,328,260
General Fund	<u>187,696</u>	<u>306,429,504</u>	<u>306,617,200</u>
	<u>1,620,848</u>	<u>345,886,392</u>	<u>347,507,240</u>
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	164,561,051	164,561,051
Series 2016 Interest Fund	-	7,912,875	7,912,875
Series 2021 TIFIA Interest Fund	-	3,374,250	3,374,250
Series 2021 TIFIA Principal Fund	-	626,278	626,278
Series 2016 VTIB Interest Fund	-	730,105	730,105
Series 2021 VTIB Principal Fund	-	92,637	92,637
TIFIA Debt Service Reserve Fund	-	20,675,147	20,675,147
VTIB Debt Service Reserve Fund	<u>-</u>	<u>3,381,633</u>	<u>3,381,633</u>
	<u>-</u>	<u>201,353,976</u>	<u>201,353,976</u>
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	<u>19,529</u>	<u>-</u>	<u>19,529</u>
Totals	<u><u>\$ 1,640,377</u></u>	<u><u>547,240,368</u></u>	<u><u>548,880,745</u></u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of June 30, 2025

Unrestricted investments at fair market value as of June 30, 2025 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - Revenue Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	\$ <u>5,202,630</u>
<u>General Revenue Bond - Operations & Maintenance Reserve Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>5,138,962</u>
<u>GR Reserve Maintenance Fund</u>			
US Treasury Bill	Discount	07/17/25	998,158
US Treasury Bill	Discount	07/17/25	998,158
US Treasury Bill	Discount	08/14/25	994,730
US Treasury Bill	Discount	08/14/25	994,730
US Treasury Bill	Discount	09/04/25	992,313
US Treasury Bill	Discount	09/04/25	992,313
US Treasury Bill	Discount	10/09/25	1,976,836
US Treasury Notes	4.500%	11/15/25	980,508
US Treasury Notes	4.000%	12/15/25	984,259
US Treasury Notes	3.875%	01/15/26	988,685
US Treasury Notes	4.000%	02/15/26	444,414
US Treasury Notes	4.125%	06/15/26	5,296,337
US Treasury Notes	4.500%	04/15/27	3,973,603
Truist Bank Trust Deposit	Variable	Not Fixed	<u>8,500,252</u>
			<u>29,115,296</u>
<u>GR General Fund</u>			
Federal Home Loan Mortgage Corporation	0.375%	07/21/25	1,322,108
US Treasury Notes	0.250%	07/31/25	7,449,809
Federal National Mortgage Association	0.500%	08/14/25	2,304,126
Federal National Mortgage Association	0.375%	08/25/25	2,126,882
Federal National Mortgage Association	0.375%	08/25/25	2,385,288
Federal Home Loan Mortgage Corporation	4.050%	08/28/25	1,998,706
Federal National Mortgage Association	4.000%	08/28/25	4,995,030
Federal Home Loan Mortgage Corporation	0.375%	09/23/25	3,111,391
US Treasury Notes	0.250%	09/30/25	2,029,559
US Treasury Notes	0.250%	09/30/25	3,390,849
US Treasury Notes	4.250%	10/15/25	4,908,944
Federal National Mortgage Association	0.500%	10/20/25	2,352,080
Microsoft Corporation	3.125%	11/03/25	2,374,616
Federal National Mortgage Association	0.500%	11/07/25	2,224,984
US Treasury Notes	0.375%	12/31/25	2,992,245
US Treasury Notes	0.375%	12/31/25	1,741,389
US Treasury Notes	0.375%	12/31/25	1,864,022
US Treasury Notes	0.375%	12/31/25	3,835,960

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of June 30, 2025

Unrestricted investments at fair market value as of June 30, 2025 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>GR General Fund (continued):</u>			
US Treasury Notes	0.375%	12/31/25	\$ 2,119,098
US Treasury Notes	0.375%	01/31/26	10,479,045
US Treasury Notes	0.375%	01/31/26	1,809,261
US Treasury Notes	0.750%	04/30/26	10,371,018
Proctor & Gamble Corporation	1.000%	04/23/26	3,595,946
US Treasury Notes	0.750%	05/31/26	1,096,751
US Treasury Notes	0.750%	05/31/26	1,455,864
US Treasury Notes	2.125%	05/31/26	3,341,428
US Treasury Notes	0.875%	06/30/26	7,223,229
US Treasury Notes	0.625%	07/31/26	3,265,601
Alphabet Inc. Corporate Notes	1.998%	08/15/26	3,353,612
US Treasury Notes	1.500%	08/15/26	1,167,797
US Treasury Notes	0.875%	09/30/26	7,118,358
US Treasury Notes	1.625%	10/31/26	4,334,885
US Treasury Notes	2.000%	11/15/26	1,462,559
US Treasury Notes	2.000%	11/15/26	4,304,797
US Treasury Notes	1.250%	12/31/26	5,029,266
Government National Mortgage Association Pool #5276	3.000%	01/01/27	22,511
US Treasury Notes	4.000%	01/15/27	2,510,872
US Treasury Notes	1.500%	01/31/27	4,335,567
Microsoft Corporation	3.300%	02/06/27	2,474,318
US Treasury Notes	1.875%	02/28/27	2,200,127
US Treasury Notes	1.875%	02/28/27	3,334,113
Government National Mortgage Association Pool #794283	3.500%	03/01/27	6,059
Freddie Mac Structured Pass-Thru Certificate K064 A2	3.224%	03/01/27	3,249,758
US Treasury Notes	2.500%	03/31/27	4,344,957
Government National Mortgage Association Pool #MA0007	3.000%	04/01/27	47,684
Freddie Mac Structured Pass-Thru Certificate K065 A2	3.243%	04/01/27	1,833,399
US Treasury Notes	4.500%	04/15/27	3,862,241
US Treasury Notes	2.750%	04/30/27	1,301,399
Chevron Corporation	1.995%	05/11/27	2,365,771
US Treasury Notes	4.500%	05/15/27	2,532,813
US Treasury Notes	2.625%	05/31/27	4,847,713
Freddie Mac Structured Pass-Thru Certificate K066 A2	3.117%	06/01/27	2,858,182
US Treasury Notes	3.250%	06/30/27	3,141,397
US Treasury Notes	3.250%	06/30/27	3,418,871
Blackrock Funding Inc. Corporate Notes	4.600%	07/26/27	1,427,194
US Treasury Notes	2.750%	07/31/27	4,656,857
Meta Platforms Inc.	3.500%	08/15/27	4,456,616
US Treasury Notes	3.125%	08/31/27	1,422,112
US Treasury Notes	3.125%	08/31/27	3,481,212
Johnson & Johnson	0.950%	09/01/27	4,702,630
US Treasury Notes	4.125%	09/30/27	3,894,678

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of June 30, 2025

Unrestricted investments at fair market value as of June 30, 2025 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>GR General Fund (continued):</u>			
Accenture Capital Corporation	3.900%	10/04/27	\$ 652,964
US Treasury Notes	4.125%	10/31/27	4,515,378
US Treasury Notes	4.125%	10/31/27	2,547,783
US Treasury Notes	3.875%	11/30/27	3,783,990
US Treasury Notes	3.875%	12/31/27	1,179,912
US Treasury Notes	3.875%	12/31/27	4,066,929
US Treasury Notes	3.500%	01/31/28	6,093,181
Chevron USA Inc.	4.475%	02/26/28	1,391,174
US Treasury Notes	4.000%	02/29/28	2,014,922
US Treasury Notes	4.000%	02/29/28	2,553,914
Johnson & Johnson	4.550%	03/01/28	640,571
US Treasury Notes	3.625%	03/31/28	5,364,922
Freddie Mac Structured Pass-Thru Certificate K507 A1	4.800%	04/01/28	3,022,060
US Treasury Notes	3.750%	05/15/28	1,702,258
US Treasury Notes	3.750%	05/15/28	2,002,656
US Treasury Notes	3.750%	05/15/28	3,754,980
US Treasury Notes	3.625%	05/31/28	3,956,015
US Treasury Notes	4.000%	06/30/28	3,958,119
Freddie Mac Structured Pass-Thru Certificate K744 A2	1.712%	07/25/28	3,131,881
Freddie Mac Structured Pass-Thru Certificate KJ47 A1	5.272%	08/01/28	1,766,918
Freddie Mac Structured Pass-Thru Certificate K507 A2	4.800%	09/01/28	3,362,535
Freddie Mac Structured Pass-Thru Certificate K509 A2	4.850%	09/01/28	2,566,261
Freddie Mac Structured Pass-Thru Certificate K510 A2	5.069%	10/01/28	1,309,076
Freddie Mac Structured Pass-Thru Certificate K511 A2	4.860%	10/01/28	1,895,250
Freddie Mac Structured Pass-Thru Certificate K512 A2	5.000%	11/01/28	1,722,707
Freddie Mac Structured Pass-Thru Certificate K514 A2	4.572%	12/01/28	1,752,189
Roche Holdings Corporation	1.930%	12/31/28	4,657,170
Freddie Mac Structured Pass-Thru Certificate K515 A2	5.400%	01/01/29	3,062,976
Freddie Mac Structured Pass-Thru Certificate K516 A2	5.477%	01/01/29	3,071,572
Freddie Mac Structured Pass-Thru Certificate K530 A2	4.792%	09/01/29	3,054,115
Freddie Mac Structured Pass-Thru Certificate K517 A2	5.355%	01/25/29	2,737,627
US Treasury Notes	4.250%	02/28/29	3,561,114
US Treasury Notes	4.125%	03/31/29	1,104,604
Freddie Mac Structured Pass-Thru Certificate K541 A2	4.348%	02/01/30	2,983,860
Blackrock Funding Inc. Corporate Notes	2.400%	04/30/30	3,036,426
National Securities Clearing Corporation	4.700%	05/20/30	4,575,272
Federal National Mortgage Association #MA1084	3.500%	06/01/32	176,729
Truist Bank Trust Deposit	Variable	Not Fixed	6,033,940
			<u>306,429,504</u>
Total Unrestricted Investments			\$ <u>345,886,392</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
SCHEDULE OF INVESTMENTS

As of June 30, 2025

Restricted investments at fair market value as of June 30, 2025 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund</u>			
US Treasury Bill	Discount	12/26/25	\$ 18,192,286
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	2,412,815
Truist Bank Trust Deposit	Variable	Not Fixed	70,046
			<u>20,675,147</u>
<u>General Revenue Bond - VTIB Debt Service Reserve Fund</u>			
US Treasury Bill	Discount	12/26/25	3,017,354
Federal Home Loan Mortgage Corporation Notes	0.375%	09/23/25	356,720
Truist Bank Trust Deposit	Variable	Not Fixed	7,559
			<u>3,381,633</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 Principal Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>92,637</u>
<u>General Revenue Bond - Series 2016 VTIB Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>730,105</u>
<u>General Revenue Bond - Series 2021 TIFIA Interest Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>3,374,250</u>
<u>General Revenue Bond - Series 2021 TIFIA Principal Fund</u>			
Truist Bank Trust Deposit	Variable	Not Fixed	<u>626,278</u>
<u>Series 2019 BANs Thimble Shoal Tunnel Project Fund</u>			
US Treasury Notes	5.000%	10/31/25	25,321,829
US Treasury Notes	3.875%	01/15/26	19,938,486
US Treasury Notes	4.250%	01/31/26	30,112,952
US Treasury Notes	3.750%	04/15/26	20,156,908
Local Government Investment Pool SNAP	Variable	Not Fixed	69,030,821
Truist Bank Trust Deposit	Variable	Not Fixed	55
			<u>164,561,051</u>
Total Restricted Investments			<u>201,353,976</u>
Total Investments			<u>\$ 547,240,368</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Vehicular Traffic Statistics

<u>DESCRIPTION/CLASS</u>	<u>CURRENT YEAR</u>				
	<u>April</u> <u>2025</u>	<u>May</u> <u>2025</u>	<u>June</u> <u>2025</u>	<u>3 Months</u> <u>Ended</u> <u>06/30/25</u>	<u>12 Months</u> <u>Ended</u> <u>06/30/25</u>
<u>Cars/Light Trucks:</u>					
Class 1	246,819	277,110	308,436	832,365	3,006,022
Class 1 Round Trip	40,088	42,741	44,689	127,518	476,888
Class 1 Commuter	21,551	20,564	20,006	62,121	218,771
Class 2	2,936	3,733	3,964	10,633	33,920
Class 2 Round Trip	446	565	566	1,577	5,144
Class 3	4,998	6,112	6,645	17,755	56,509
Class 3 Round Trip	736	686	751	2,173	7,699
Class 4	293	346	307	946	3,194
Class 4 Round Trip	28	30	29	87	330
Sub Total	<u>317,895</u>	<u>351,887</u>	<u>385,393</u>	<u>1,055,175</u>	<u>3,808,477</u>
<u>Heavy Trucks:</u>					
Class 9	5,605	6,002	6,160	17,767	61,577
Class 10	1,487	1,699	1,535	4,721	19,684
Class 11	1,486	1,442	1,522	4,450	15,183
Class 12	24,386	24,811	24,759	73,956	299,050
Class 13	350	397	333	1,080	4,459
Class 16	39	34	41	114	378
Sub Total	<u>33,353</u>	<u>34,385</u>	<u>34,350</u>	<u>102,088</u>	<u>400,331</u>
<u>Buses:</u>					
Class 8	290	234	131	655	2,084
Class 14	31	28	29	88	479
Class 15	600	600	590	1,790	5,980
Sub Total	<u>921</u>	<u>862</u>	<u>750</u>	<u>2,533</u>	<u>8,543</u>
Totals	<u>352,169</u>	<u>387,134</u>	<u>420,493</u>	<u>1,159,796</u>	<u>4,217,351</u>
<u>DESCRIPTION/CLASS</u>	<u>PRIOR YEAR</u>				
	<u>April</u> <u>2024</u>	<u>May</u> <u>2024</u>	<u>June</u> <u>2024</u>	<u>3 Months</u> <u>Ended</u> <u>06/30/25</u>	<u>12 Months</u> <u>Ended</u> <u>06/30/25</u>
<u>Cars/Light Trucks:</u>					
Class 1	236,509	268,103	308,433	813,045	3,085,785
Class 1 Round Trip	38,278	40,456	44,199	122,933	470,600
Class 1 Commuter	18,875	19,798	17,939	56,612	219,483
Class 2	2,726	3,554	4,073	10,353	35,305
Class 2 Round Trip	434	476	542	1,452	5,133
Class 3	4,641	5,889	6,576	17,106	57,059
Class 3 Round Trip	655	712	740	2,107	7,429
Class 4	319	358	310	987	3,419
Class 4 Round Trip	36	43	36	115	387
Sub Total	<u>302,473</u>	<u>339,389</u>	<u>382,848</u>	<u>1,024,710</u>	<u>3,884,600</u>
<u>Heavy Trucks:</u>					
Class 9	5,502	5,943	5,484	16,929	61,670
Class 10	1,504	1,732	1,850	5,086	19,403
Class 11	1,514	1,680	1,590	4,784	16,240
Class 12	25,746	27,323	26,292	79,361	301,975
Class 13	522	527	408	1,457	5,131
Class 16	30	23	45	98	314
Sub Total	<u>34,818</u>	<u>37,228</u>	<u>35,669</u>	<u>107,715</u>	<u>404,733</u>
<u>Buses:</u>					
Class 8	313	313	115	741	2,000
Class 14	41	38	27	106	525
Class 15	627	521	557	1,705	5,610
Sub Total	<u>981</u>	<u>872</u>	<u>699</u>	<u>2,552</u>	<u>8,135</u>
Totals	<u>338,272</u>	<u>377,489</u>	<u>419,216</u>	<u>1,134,977</u>	<u>4,297,468</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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(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.

(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.

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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.

(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

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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.

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

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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.

(j) *Deferred Outflows and Inflows of Resources*

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

(k) *Subscription Based Information Technology Arrangements*

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

(3) Cash Deposits and Investments

(a) *Deposits*

The bank balance of the District's deposits (unrestricted and restricted) was \$1,640,377 and 1,483,194 at June 30, 2025 and 2024, 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

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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.

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

June 30, 2025 Investment Type	Standard & Poor's Credit Rating					Total
	AAA	AA+	AA	AA-	A-1+	
U.S. treasuries/bills	\$ -	\$ 302,435,325	\$ -	\$ -	\$ 29,156,877	\$ 331,592,202
U.S. agencies	-	25,590,130	-	-	-	25,590,130
Federal agency						
mortgage-backed	-	252,984	-	-	-	252,984
commercial-backed	-	43,380,366	-	-	-	43,380,366
Corporate notes	10,192,133	7,928,884	4,657,170	16,926,090	-	39,704,277
	<u>\$ 10,192,133</u>	<u>\$ 379,587,689</u>	<u>\$ 4,657,170</u>	<u>\$ 16,926,090</u>	<u>\$ 29,156,877</u>	<u>\$ 440,519,959</u>

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(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, 2025, the District's portfolio was invested as follows:

Investment Type	2025 Fair Value	Percentage of Portfolio
U.S. treasuries	\$ 331,592,202	60.59 %
U.S. agencies	25,590,130	4.68
Federal agency mortgage-backed	252,984	0.05
commercial-backed	43,380,366	7.93
Money market funds	106,720,409	19.50
Corporate notes	39,704,277	7.25
	<u>\$ 547,240,368</u>	<u>100.00 %</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.

As of June 30, 2025, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)				Not Fixed
		Less than 1 Year	1 to 3 Years	Greater than 3 Years		
U.S. treasuries	\$ 331,592,202	\$ 192,266,500	\$ 134,659,985	\$ 4,665,717		-
U.S. agencies	25,590,130	25,590,130	-	-		-
Federal agency mortgage-backed	252,984	-	76,255	176,729		-
Federal agency commercial-backed	43,380,366	-	10,963,398	32,416,968		-
Money market funds	106,720,409	-	-	-		106,720,409
Corporate notes	39,704,277	5,970,561	21,464,849	12,268,867		-
	<u>\$ 547,240,368</u>	<u>\$ 223,827,191</u>	<u>\$ 167,164,487</u>	<u>\$ 49,528,281</u>		<u>\$ 106,720,409</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

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year. The change in fair value of investments for the quarter ended June 30, 2025 is calculated as follows:

	<u>Q4 FY25</u>
Investment Fair Value at end of period	\$ 547,240,368
Add:	
Proceeds from sales and maturities during the period	221,959,462
Less:	
Cost of investments purchased during the period	(209,642,142)
Fair value of investments at beginning of period	(557,397,087)
Change in fair value of investments	<u>\$ 2,160,601</u>

(4) Capital Assets

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

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

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

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.

Moffatt & Nichol, the District's consulting engineer, has inspected the District's bridge and tunnel assets. Moffatt & Nichol 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 Moffatt & Nichol:

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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 original trestles, tunnels, and portal islands are the only bridge and tunnel assets that falls below the condition level specified in the Commission's preservation policy. The original trestles, tunnels, and portal islands have an overall condition level of "7"; however, Moffatt & Nichol assigned some components of the portal islands and tunnels, which includes the ventilation buildings, a condition level of "6", and some components of the original trestles a condition level of "4". Extraordinary reserve maintenance projects are planned to address the maintenance requirements for all of these components.

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	2025	2024	2023
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	88
Portal islands	63	89	89
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	2025	2024	2023
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 FY25 was as follows:

	Balance March 31, 2025	Bond proceeds	Amortization of costs, premiums, discounts, net	Principal payments	Balance June 30, 2025	Amounts due within one year
<u>First Tier General Resolution</u>						
Series 2016 Bonds	\$ 321,515,000	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	27,868,683	-	(383,938)	-	27,484,745	-
<u>Subordinate Tier General Resolution</u>						
TIFIA Series 2021	338,528,672	-	-	-	338,528,672	626,278
VTIB Series 2016	50,073,856	-	-	-	50,073,856	92,637
\$	<u>738,370,149</u>	<u>-</u>	<u>(383,938)</u>	<u>-</u>	<u>737,602,273</u>	<u>718,915</u>

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

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

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

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

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

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

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

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

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

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

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(6) Fair Value Measurements

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

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

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

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

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

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

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

- U.S. Treasuries, U.S. Agencies, and Supra-Nationals: quoted prices for similar securities in the market are used to draw appropriate correlations;
- Corporate Notes and Municipal Bonds: relevant trade data, benchmark quotes and surveys of the dealer community are incorporated into the evaluation process;
- Certificates of Deposit: matrix pricing based on various market makers and dealers;
- 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, 2025:

	Fair Value 2025	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	\$ 331,592,202	\$ -	\$ 331,592,203	\$ -
U.S. agencies	65,986,636	-	65,986,635	-
Federal agency mortgage-backed	3,236,844	-	3,236,844	-
Federal agency commercial-backed	-	-	-	-
Corporate notes	39,704,277	-	39,704,277	-
Total investments by fair value level	440,519,959	\$ -	\$ 440,519,959	\$ -
Investments measured at NAV:				
Money market funds	106,720,409			
Total investments measured at fair value	<u>\$ 547,240,368</u>			