

CHESAPEAKE BAY
BRIDGE-TUNNEL



CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT



Annual Report to
His Excellency, the Governor
for the year ended December 31, 2021

MISSION

To provide the traveling public with a safe, cost effective, and unique driving experience across the scenic Chesapeake Bay.





For fifty-seven years, the Chesapeake Bay Bridge-Tunnel has captured worldwide attention as a modern engineering wonder and an important East Coast travel convenience. Crossing over and under open waters where the Chesapeake Bay meets the Atlantic Ocean, the Bridge-Tunnel provides a direct link between Coastal Virginia and the Delmarva Peninsula (Delaware plus the Eastern Shore counties in Maryland and Virginia), and saves 75 miles along the journey between Virginia Beach and points north of Wilmington, Delaware, as compared to the I-64/I-95 corridor.

The Chesapeake Bay Bridge and Tunnel Commission is the governing body of the District. The Commission consists of eleven members who are appointed by the Governor of the Commonwealth of Virginia. One member represents the Commonwealth Transportation Board and the remaining ten members represent the

localities within the District. The District is comprised of six cities: Virginia Beach, Norfolk, Portsmouth, Chesapeake, Hampton, Newport News; and the two Eastern Shore counties of Northampton and Accomack.

Following its opening on April 15, 1964, the Bridge-Tunnel was selected "One of the Seven Engineering Wonders of the Modern World" in a worldwide competition that included more than one hundred major projects. In addition, in 1965, it was distinguished as "The Outstanding Civil Engineering Achievement" by the American Society of Civil Engineers. In 2000, the Bridge-Tunnel was recognized by Structural Engineer magazine as one of the "Seven Structural Engineering Wonders of America for the 20th Century." In 2007, the Chesapeake Bay Bridge-Tunnel was selected as one of Virginia's "Top Seven Manmade Wonders" in an online poll conducted by the Richmond Times-Dispatch.

COMMISSION

FREDERICK T. STANT, III
*Chairman, Commonwealth
Transportation Board*



JOHN F. MALBON
Vice Chairman, City of Virginia Beach

GREGORY L. DUNCAN, SR.
Secretary-Treasurer, Accomack County

PAUL E. BIBBINS, JR., PhD
Northampton County



JEFFREY K. WALKER
Northampton County

CHRIS SNEAD
City of Hampton

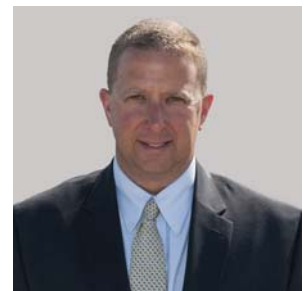
JEFFREY A. ROWLAND
City of Chesapeake



KAREN S. JAMES
City of Portsmouth

REEVES W. MAHONEY
City of Norfolk

KEITH COLONNA
Accomack County



WILLIAM H. FERGUSON
City of Newport News

JEFFREY B. HOLLAND
Executive Director



The members of the Chesapeake Bay Bridge and Tunnel Commission have worked diligently during 2021 in administering the affairs of the District in the best interest of the bondholders and the traveling public.

In May, the Commission approved the operating expense budget for the District for fiscal year 2021-2022, in the amount of \$16,362,200, which was a 1.9 % increase versus the prior year.

The Commission, working through the Commission Alumni Society, continues to prioritize its communication with former Commission members and to update them on the Commission and the District, as the Commission Alumni continue to serve as ambassadors of the Chesapeake Bay Bridge-Tunnel.

COMMISSION MEMBERS

FREDERICK T. STANT, III
CHAIRMAN
CITY OF VIRGINIA BEACH

JOHN F. MALBON
VICE CHAIRMAN
CITY OF VIRGINIA BEACH

GREGORY L. DUNCAN, SR.
SECRETARY-TREASURER
ACCOMACK COUNTY

PAUL E. BIBBINS, JR. PhD
NORTHAMPTON COUNTY

JEFFREY K. WALKER
NORTHAMPTON COUNTY

CHRIS SNEAD
CITY OF HAMPTON



CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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COMMISSION MEMBERS

JEFFREY A. ROWLAND
CITY OF CHESAPEAKE

KAREN S. JAMES
CITY OF PORTSMOUTH

REEVES W. MAHONEY
CITY OF NORFOLK

KEITH COLONNA
ACCOMACK COUNTY

WILLIAM H. FERGUSON
CITY OF NEWPORT NEWS

JEFFREY B. HOLLAND
EXECUTIVE DIRECTOR

February 22, 2022

The Honorable Glenn A. Youngkin
Governor, Commonwealth of Virginia
Office of the Governor
Post Office Box 1475
Richmond, Virginia 23218

Dear Governor Youngkin:

We are pleased to submit the Annual Report on the operation of the Chesapeake Bay Bridge and Tunnel District for the year January 1 through December 31, 2021, in accordance with the provisions of Chapter 22, Title 33.2 of the Code of Virginia, formerly Paragraph 16, Chapter 714 of the 1956 Acts of the General Assembly.

As you will see, 2021 was an excellent year for the District. The following pages include information on the District's traffic volumes, revenue bonds, financial status, operations, maintenance, promotional activities and community involvements.

If you have any questions concerning the Report or the operation of the Chesapeake Bay Bridge-Tunnel, please advise and we would be pleased to discuss them with you.

CHESAPEAKE BAY BRIDGE AND TUNNEL COMMISSION

Frederick T. Stant, III, Chairman

PARALLEL THIMBLE SHOAL CHANNEL TUNNEL



The Parallel Thimble Shoal Tunnel (the “PTST”) project is being undertaken by the Chesapeake Bay Bridge and Tunnel District (the “District”) to provide a second tunnel under Thimble Shoal Channel. When complete, the new tunnel will carry two lanes of traffic southbound and the existing tunnel will carry two lanes of traffic northbound, thereby improving the safety for the travelling public.

The Project Development Team utilized the design-build delivery method wherein pre-qualified teams, vetted by the District, were selected to submit proposals to design and build the project. The District developed a set of technical requirements, which were supplied to the teams, and then over the course of several meetings, the bid package was revised to refine the project scope, minimize risk, and reduce costs. In July 2016, the contract was awarded to the low bidder, Chesapeake Tunnel Joint Venture (“CTJV”), in the amount of \$756 million.

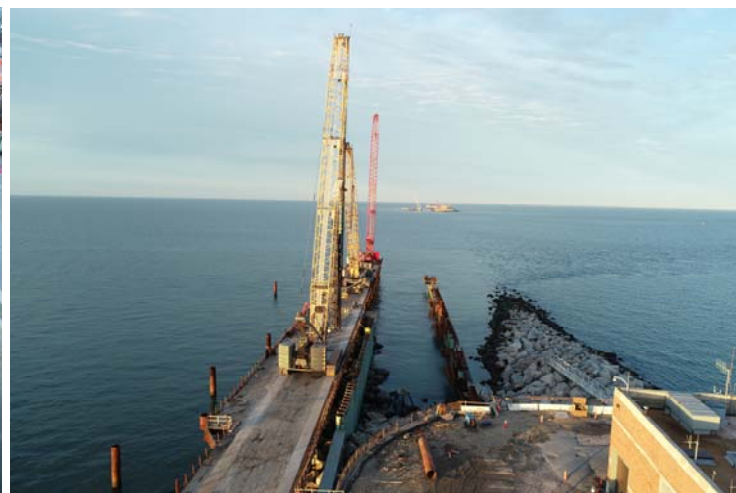
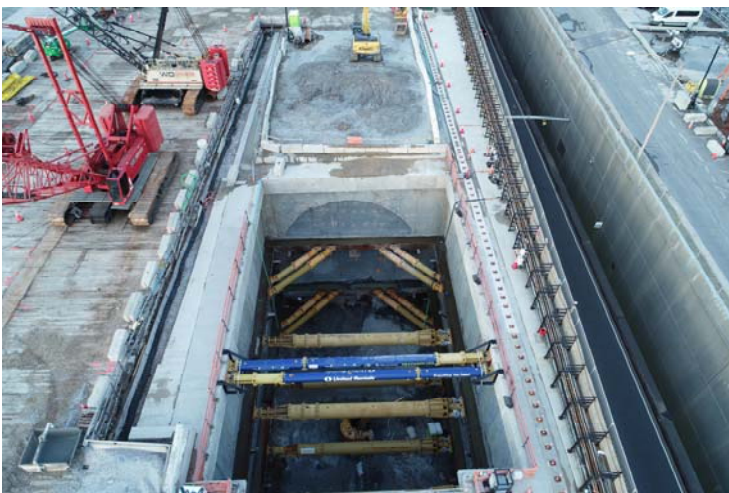
The new tunnel will be slightly longer than the existing tunnel due to alignment, approximately 6,500 feet in length, and will be constructed using a tunnel boring machine, or TBM. A TBM excavates and erects the tunnel as it mines, and the PTST Project is the first transportation tunnel in the Mid-Atlantic region to be constructed using this methodology.

The islands at the end of each tunnel require extensive work to allow the TBM to pass, including the expansion of each island via an engineered berm. A TBM is a mobile mining machine, but it must mine through soils. Sand and several different types of rock will be imported to expand the islands and create the berms. Sand placement comes first and then the rock, smaller sizes lowest and largest sizes on top, to protect the expanded islands from the elements.

Work completed in 2021

Project Construction Work:

- Deep foundation work to create the TBM launching/receiving pits, which will eventually be transformed into the open approaches of the tunnel roadway, is well underway. The deep foundation work utilized slurry panels, which involved digging a rectangular box straight down into the body of the island using



PARALLEL CROSSING PHASE II

specialized excavation equipment. The excavation was then filled with reinforced concrete. The slurry panel work was completed in mid-2020. Cap beam installation, which ties the slurry panels together, has also been completed.

- Jet grouting, which involves in-situ soil improvements to the area between the slurry panel walls, is complete on One Island, and the contractor is preparing to perform this work on Two Island.
- The area between the slurry panel walls will become the open approaches for the new tunnel, and the contractor finished excavating that area on One Island in 2021.
- The contractor placed slab on-grade concrete that will temporarily support the TBM. After passage of the TBM, the roadway that will support the future vehicular traffic will be installed.
- Expansion of the engineered berm on the north end of One Island is ongoing, and similar work is being performed on Two Island as well. This berm, which is comprised of rocks and stone, will provide cover and ballast for the new tunnel.
- The Little Creek property is home to the project office and its lay-down yard is being used for storage of excavated sand from One Island, TBM components and armor stone that will be placed on the expanded berms.

Tunnel Boring Machine (TBM):

- The TBM has been constructed and Factory Acceptance Testing (FAT) was performed in Germany.
- The TBM is being stored at the factory until CTJV arranges to have it shipped to the site in 2022.

Tunnel Segments:

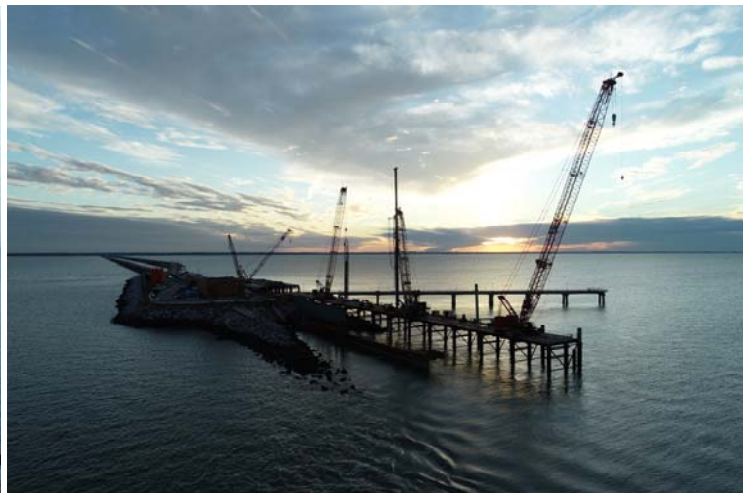
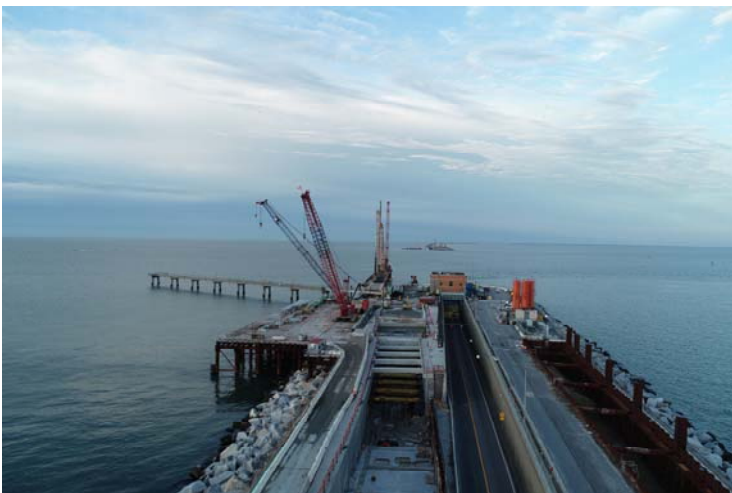
- Concrete Systems, Inc. (CSI) erected a facility in Chesapeake, VA, to produce the precast concrete tunnel segments, and production began in 2019.
- CSI has completed 9,900 tunnel segments that make up the 990 tunnel rings.



DBE Goal:

- CTJV has exceeded the Disadvantaged Business Enterprise (DBE) goal of \$20.7 million for the project.

The *Project Connect* e-Newsletter continues to provide more than 750 interested parties with general updates and milestones related to the Parallel Thimble Shoal Tunnel Project.



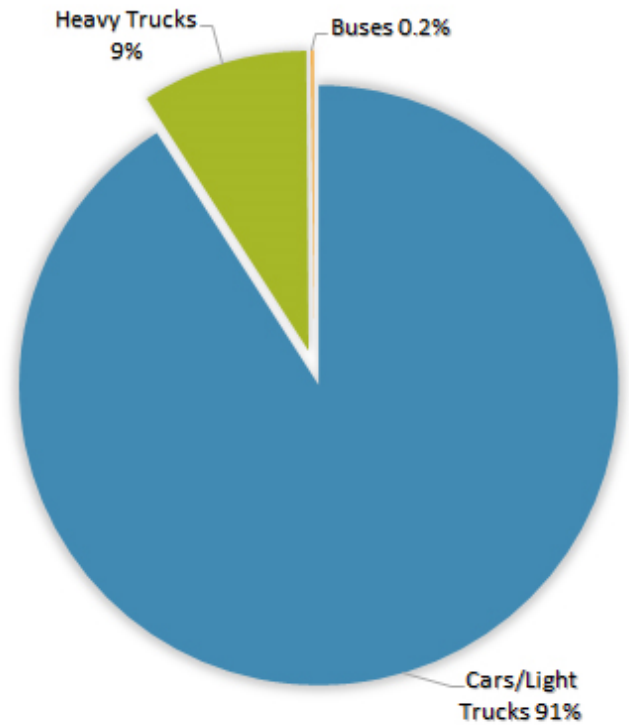
TRAFFIC AND REVENUE

The Chesapeake Bay Bridge-Tunnel (the “CBBT”) provides the only direct north/south route across the lower Chesapeake Bay and completes the coastal transportation corridor stretching from Maine to Florida.

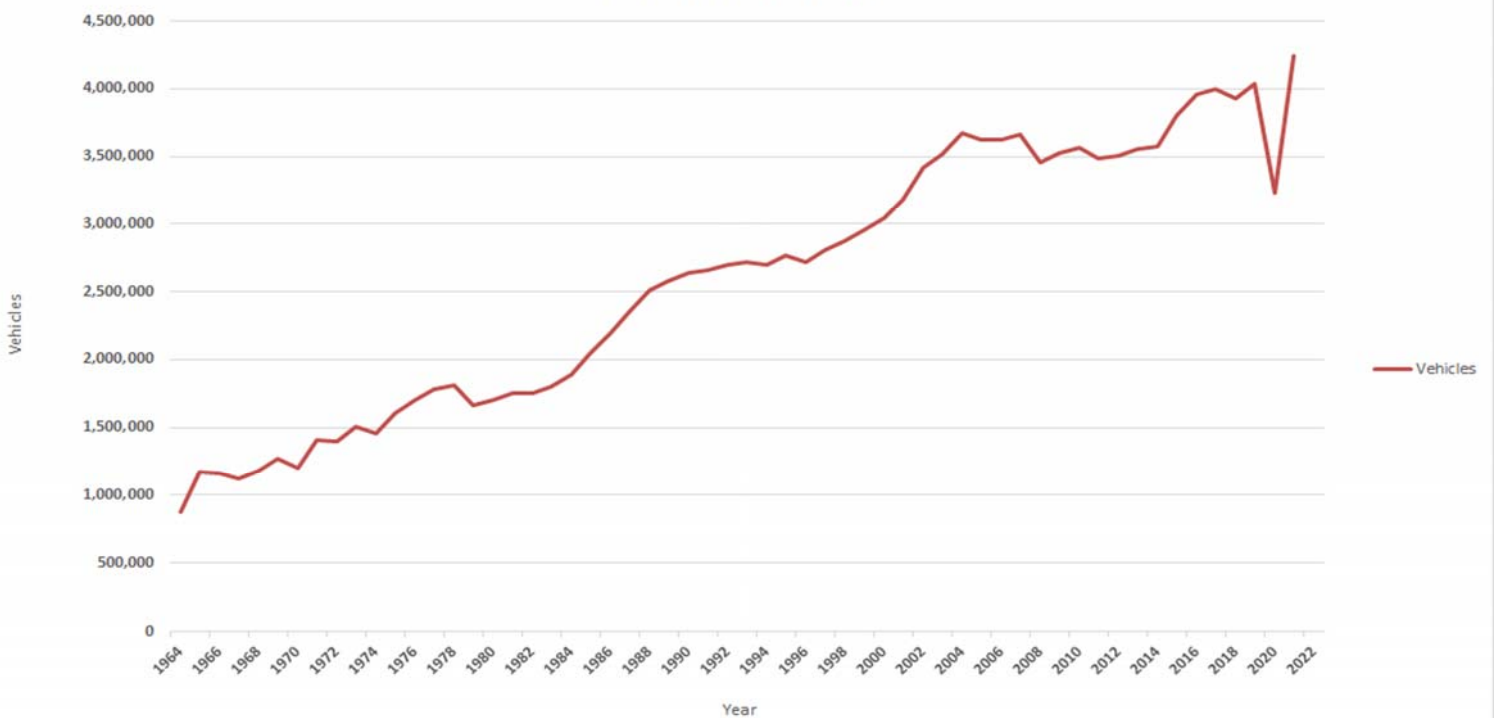
Traffic totaled 4,245,899 vehicles in 2021, an increase of 1,019,283, or 31.6% over the 3,226,616 vehicles recorded in 2020. Cars and light trucks accounted for 91% of the total traffic or 3,860,073 vehicles, an increase of 33.9% versus 2020. Heavy trucks totaled 380,629 vehicles or 9% of total traffic, an increase of 12.5% from 2020. Buses totaled 5,197 vehicles or 0.2% of the total traffic, and registered an increase of 42.9% from 2020. Nine of the twelve months in 2021 resulted in monthly traffic and revenue records for the District.

A comparison by classes on a monthly and yearly basis can be found on page *xiii* of the attached financial report. A review of traffic changes since inception of the facility is indicated in the graph below.

VEHICULAR COMPARISON BY TYPE



CBBT Historic Traffic





Gross toll revenue for calendar year 2021 totaled \$67,903,000, an increase of \$15,540,356 or 29.7% above gross toll revenue received in 2020. The District accepts cash, E-ZPass, scrip, credit cards, debit cards, Google Pay and Apple Pay in the toll lanes for customer convenience.

E-ZPass utilization for 2021 totaled 74.4% of the total revenue for calendar year 2021, as compared to 72% in calendar year 2020. In calendar year 2021, the District incurred total E-ZPass and credit card fees of \$1,342,887 for processing electronic payments as compared to \$853,382 during the previous year. As a result, net toll revenues for 2021 totaled \$66,502,158 versus \$51,209,572 in the prior year.

Little Creek Property

The District purchased property at Little Creek in 1995 to be used as a staging area for the construction of the Parallel Crossing Project, and Phase I of the Project was completed in 1999.

BONDS

Financing for the District's Parallel Thimble Shoal Tunnel Project closed in November 2016. The Project financing included the issuance of \$321,515,000 First Tier General Resolution Bonds, Series 2016 (the "Series 2016 Bonds"), a subordinate loan from the United States Department of Transportation under the TIFIA program (the "2016 TIFIA Loan") in the amount of up to \$338,528,672, plus capitalized interest, and a subordinate loan from the Virginia Transportation Infrastructure Bank (the "VTIB Loan") in the amount of \$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 rates of 4.0% to 5.0%. The proceeds from the Series 2016 Bonds, along with

The property on Little Creek Harbor is now being leased exclusively to the parallel tunnel construction contractor, CTJV, and continues to produce excellent income for the District. In 2021, income from the lease of the Little Creek property totaled \$962,045.

Virginia Originals Gift Shop

Virginia Originals LLC, operated by Chris and Kellson Savvides of Virginia Beach, continues to offer Bridge-Tunnel memorabilia as well as other unique items from the Commonwealth and beyond within a small retail space located at the North Toll Plaza Rest Area Building.

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.

On August 13, 2019, the District issued First Tier General Resolution Revenue Bond Anticipation Notes, Series 2019 in the aggregate principal amount of \$378,140,000 pursuant to its General Revenue Bond Resolution, adopted by the Commission on October 24, 2016 (the "General Resolution") and its Fourth Supplemental Resolution, adopted by the Commission on July 9, 2019 (the "Fourth Supplemental Resolution"). The Series 2019 BANS will mature on November 1, 2023. The proceeds of the Series 2019 BANS will be used to provide funds to pay capitalized

interest on the Series 2019 BANS, finance a portion of the costs of the Parallel Thimble Shoal Tunnel Project, and pay certain costs of issuing the Series 2019 BANS. The Series 2019 BANS are being issued in anticipation of the proceeds to be received by the District from disbursements requisitioned by the District in accordance with the terms of the TIFIA Loan Agreement and the VTIB Loan Agreement. The issuance by the District of the Series 2019 BANS as interim financing in anticipation of the receipt of the TIFIA Loan and VTIB Loan proceeds is expected to provide \$39 million in interest cost savings for the District.

As a result of the damaging effects of COVID-19 on the revenues of transportation entities, the TIFIA program started allowing organizations with outstanding TIFIA loans to pursue resetting the interest rates on their loans in late 2020. The TIFIA loan rates are based on the current 30-year U.S. Treasury rate which sank to historic lows during the summer of 2020. The District was in discussions with the TIFIA program since the spring of 2020 regarding the reset opportunity. The District was asked to submit a formal Letter of Interest (LOI) near the end of 2020. Our LOI was officially submitted on January 14, 2021. On November 23, 2021, the original 2016 TIFIA Loan was terminated and replaced by a new 2021 TIFIA Loan as part of the refinancing. The material terms of the TIFIA Loan remain 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. Over the life of the 2021 TIFIA Loan, the refinancing is expected to save the District \$56.7 million in debt service with a net present value of nearly \$43 million.

The TIFIA Loan and the VTIB Loan are highly sought after funding sources for major transportation projects as they offer low long-term interest rates and flexible repayment schedules. The TIFIA Loan and the VTIB Loan are issued on the Subordinate Lien of the 2016 General Revenue Bond Resolution and bear interest rates of 2.01% and 2.90%, respectively. The VTIB loan began accruing interest after its initial draw, which began in August 2018. The 2021 TIFIA Loan will not incur interest until the initial disbursement anticipated to be near the substantial completion date of the Project.

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 the S&P Global Ratings, respectively. The VTIB Loan is unrated.

All of the District's outstanding debt portfolio is fixed rate debt.

OPERATIONS

Customer Service

During 2021, the Operations Division rendered assistance to 389 customers who experienced some type of difficulty with their vehicles while crossing the facility.

Customer Assistance

The CBBT's Driver Assistance Program continues to be well received by the traveling public. Operations Division employees will drive a customer's personal vehicle across the facility to pre-empt an unsafe incident from occurring due to any phobia when driving across the facility. This is a free service for customers who are traveling in a car, van, SUV or pickup truck. In 2021, the Operations Division assisted 313

customers with driving over the facility as a result of gephyrophobia, acrophobia, etc.

VIPR Training

The Chesapeake Bay Bridge-Tunnel Police Department, in coordination with the Department of Homeland Security (DHS), conducted one VIPR (Visible Intermodal Prevention and Response) Operation to enhance security on and around this facility, which has been labeled by DHS as a Critical Infrastructure. Nine other state and federal agencies participated in this operation. There were no explosives found and only minimal delays to the traveling public.

In-Service School

The Chesapeake Bay Bridge-Tunnel Police Department conducted two Law Enforcement In-Service Schools, which were attended by a total of 22 District Police Officers as well as 26 other Police Officers from local departments on the Eastern Shore including Accomack and Northampton County Sheriff's Offices, Cape Charles, Chincoteague, Eastville, Exmore, and Onley Police Departments. Again this year, the In-Service schools were offered at the conference room of the Sunset Beach Resort to optimize the physical distancing that was necessary during COVID-19. The District provides this school at no charge to fellow departments and their officers.

Personnel Training and Continuing Education

The District provides opportunities throughout the year for its employees to participate in specialized trainings and/or continuing law enforcement education classes. Throughout 2021, Operations personnel attended the following:

- Advanced Roadside Impaired Driving Enforcement Training
- Alco Sensor FST Supervisor Computer-Based In-Service Training
- Annual FBI Norfolk CAAA Law Enforcement Symposium
- Basic Truck Weighing School 101
- Crisis Intervention Training
- Customer Service Workshop
- Department of Motor Vehicles Highway Safety Office FY22 Virtual Grant Application Workshop and Grant Awards Banquet
- FBINAA (FBI National Academy Associates) 1st Line Supervisors School

- Federal Motor Carrier Safety School
- Field Training Officer (FTO) Certification School
- Fire Truck Training Course
- Fundamentals of Crash Investigation School
- GLOCK Armorer's Course Training
- Internal Affairs, Administrative Investigation, and Citizens Complaints Training
- VACP Implicit Bias Training
- Virginia Department of Criminal Justice Services Compulsory Minimum Training Standards for Law Enforcement Officers
- Virginia Department of Criminal Justice Services Training and Certification Electronic Records (TRACER) Training
- VRSA Use of Force Overview, Driving with Distractions, Effective Law Enforcement Communication and False Arrest and Arrest Liability for Law Enforcement, Situational Awareness and Ambush Precautions, Survival Skills for Law Enforcement Drivers, Community Policing, Decision Making and Judgment and Ethical Considerations On-Line Training

Certifications:

- Breath Alcohol Operators
- Breath Alcohol Operators Recertification
- Field Training Officer Recertification
- Firearms Familiarization and Qualifications Training
- Firearms Instructor Recertification
- General Instructor Certification and Recertification
- Radar/Lidar Certification and Recertification
- Virginia Criminal Network (VCIN) Terminal Recertification Training
- Virginia Criminal Network (VCIN) Training



Additionally, one District Police Officer graduated from the Hampton Roads Criminal Justice Training Academy (HRCJTA) in 2021.

Traffic Summonses and Arrests

The Police Department issued 4,388 traffic summonses, of which 38 were for driving under the influence. Additionally, the department handled 22 felony arrests during calendar year 2021. Total traffic summonses increased by 25.3% when compared to last year. Of important note, the Chesapeake Bay Bridge-Tunnel does not receive summons proceeds from the Courts. All proceeds are credited to the Commonwealth's Literary Fund.

Accidents and Safety Benchmarks

During 2021, 21 reportable vehicular accidents occurred on the facility, which involved seven personal injuries and no fatalities. This represents a 17% increase when compared with 18 accidents in 2020. As a result of the 21 accidents, estimated vehicle damage totaled \$361,198, and damage to District property totaled \$191,500.

Since completion of the Parallel Crossing Project in 1999, the injury rate on the CBBT is 11.165 injuries per 100 million miles traveled, or approximately one-seventh of the national average, which is 84 injuries per 100 million miles traveled, according to the National Highway Traffic Safety Administration.

The National Highway Traffic Safety Administration gauges the fatalities per 100 million miles driven nationwide as 1.37 in the latest reporting year of 2020. The fatality rate on the CBBT per 100 million miles driven is .6529, or approximately 47% of the national average.

Wind Restrictions

Occasionally, the District will have to restrict certain traffic from crossing the facility as the result of strong winds or storm cells moving across the Bay. In 2021, a total of 156 hours and 37 minutes of restrictions were put in place, with winds ranging from 40 mph to greater than 65 mph. The facility was closed to all traffic for a total of 1 hours and 22 minutes.

To decrease delay times for some travelers, the District offers complimentary wind vans to assist in transporting exterior cargo that would otherwise restrict passenger cars and pickup trucks from crossing during the restricted periods. The District continues to use Twitter to disseminate any wind restriction information to the traveling public.

Tunnel Lane Closures

During 2021, there were a total of 32 accidents and incidents that occurred in the tunnels due to the limitations of having only one lane for northbound traffic and one lane for southbound traffic. Additionally, the Operations Division/Police Department escorted 559 oversized loads, which required traffic to be stopped at both ends of each tunnel, resulting in 186 hours of traffic stoppages. Nighttime work details in the tunnels during calendar year 2021 totaled 78, resulting in 601 hours of traffic stoppages during the year. In summary, during the calendar year 2021, there were a total of 649 lane closures in the tunnels, which resulted in a total of 791 hours of traffic stoppages.



ENGINEERING, MAINTENANCE AND MANAGEMENT INFORMATION SYSTEMS

Annual Inspection

The FY2022 Annual Inspection of the Lucius J. Kellam, Jr. Bridge - Tunnel was performed by Jacobs Engineering Group Inc. (Jacobs) during September of 2021. This inspection is conducted annually as required by Section 503 of the District's Revenue Bond Resolution Covenant. The inspection of the facility was performed using inspection procedures that followed the general recommended guidelines and regulations of the National Bridge Inspection Standards (NBIS), as defined in the Code of Federal Regulations, the Federal Highway Administration (FHWA), and the Virginia Department of Transportation (VDOT).

Additionally, effective August 13, 2015, as defined in the Code of Federal Regulations, the FHWA established the National Tunnel Inspection Standards (NTIS) for highway tunnels. The NTIS require tunnel owners to establish an inspection program with the minimum standard to inspect the tunnels, to maintain a tunnel inventory, to report inspection findings to the FHWA, and to correct any critical findings found during the inspection. In accordance with this mandate, an inspection of the Thimble Shoal Tunnel was performed following the recommended guidelines and regulations of NTIS, as defined in the Code of Federal Regulations, by the FHWA, and by VDOT. The Chesapeake Channel Tunnel will be performed as required in the fall of 2022.

Underwater Inspection

During the FY2022 Underwater Inspection, Jacobs inspected the substructure units of Trestles B-SB, D-NB, E&F SB, FIB SB and NCB NB, following the guidelines of the NBIS. Jacobs retained the diving services of Crofton Diving Corporation for the underwater inspection portion of this work. Jacobs/Crofton provided an on-site engineer/inspector, as appropriate. The underwater inspection of these trestles continues the inspection cycle for the facility's bridge and trestle structures in accordance with the NBIS mandated requirement that the frequency of underwater inspection not exceed five years.



The following table shows the summarized findings of the FY2022 Annual Inspection Report and represents condition ratings to support the requirements of Statement No. 34 of the Government Accounting Standards Board; Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB 34):

Cluster Item	Rating
A. Approach Roads	8
B. Fisherman Island Causeway	8
C. Tunnels	7
D. Portal Islands	8
E. Toll Plaza Infrastructure	8
F. Site-Wide Utilities	8

The numeric scaled rating can be found in the Notes of this report on page xx.

Maintenance and Management Information Systems

The Maintenance and Management Information Systems (MIS) Divisions are responsible for the maintenance of:

- Approach roads totaling eight lane miles
- 12 low-lying concrete bridges totaling 50 lane miles
- Four high-level steel bridges over navigation channels
- Four manmade islands totaling 20 acres
- 13 buildings totaling approximately 100,000 square feet

- Approximately 100 fleet vehicles, ranging from police units to heavy construction equipment, to underdeck bridge inspection vehicles with articulating work platforms
- Electrical distribution system, complete with its own Transformer Station and four sets of double-ended switchgear to adequately power every aspect of the facility
- State-of-the-art fiber optic network utilizing "Next Generation" hardware, spanning 40 miles and providing high-speed connectivity for the District's communications, security and control systems
- Complex Electronic Toll Collection System providing 10 lanes for payment using E-ZPass, all major credit cards, cash or scrip
- Drinking and domestic use wells, storm water and sanitary systems
- Water and sewer lines from Virginia Beach at South Plaza and Little Creek
- A 37-acre commercial port, with bulkhead and finger pier, accommodating a 20-foot draft

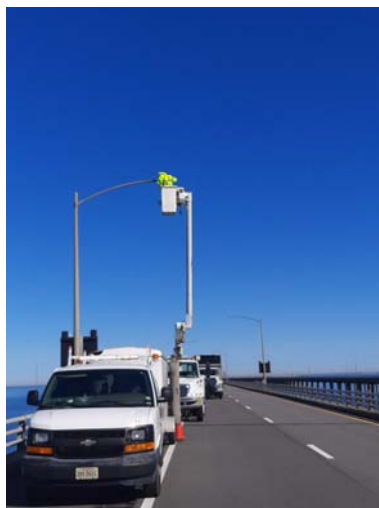
Capital Projects

The Commission approved the District's Six-Year Capital Improvement Plan, which extends to 2038. The following lists some of the major projects that were completed or were in construction in FY2022:

- **Replace Lights in Chesapeake and Thimble Shoals Tunnel** – In May 2021, the District completed an energy saving project that consisted of replacing existing fluorescent light fixtures with LED fixtures designed for the District by Kenall Lighting. This LED light replacement project is expected to provide a 25% energy savings for the District. In addition, the District

expects to reduce tunnel lane closures for maintenance by approximately 300 hours per year, or approximately 30%.

- **Replace Trestle Light Fixtures with LED**— This project consists of the replacement of approximately four hundred 250-watt high pressure sodium light fixtures with LED equivalent roadway light fixtures. This project will not only produce energy savings but also a reduction in lane closures. This project, which is being performed with in-house services, is approximately 60% complete and is anticipated to be complete in the summer of 2022.
- **Mill & Repave Trestles, Replace End Dams** – This project consisted of removing the existing asphalt, making deck and joint repairs and placing new asphalt. This project was completed in July 2021.
- **PTST Replacement of Fan Motor Control Centers** – This project generally consisted of the replacement of 24 motor control centers for the ventilation fan motors at all four (4) ventilation buildings of the Chesapeake Bay Bridge-Tunnel facility and the integration of the new motor control centers into the existing facility-wide Supervisory Control and Data Acquisition (SCADA) network. Systems East, Inc. was awarded the project. In addition, this project replaced two water control systems, one for each tunnel. All major work on this project was completed on January 18, 2022, with final cleanup and punch lists underway.



- **Repair Fender System – North Channel Bridge, Southbound Pier 9** – This project consisted of the replacement of damaged sections of the fender system from a barge strike incident that occurred on September 3, 2020. McLean Construction Company was awarded the project and it was completed in July 2021.
- **PTST Electrical Storage Building Additions**—This is a design-build, pre-engineered steel building construction project and consists of supplying and erecting one (1) approximately 55'x50' and one (1) 50'x50' American Buildings Company additions, or approved equal. One (1) new construction will be added on each end of an existing 100'x50' American Building Company steel building. This project will be completed in the Spring of 2022.
- **CCTV on Trestles**—This project is an expansion of the camera system to add cameras at strategic locations across the facility. The cameras will be added to nine Northbound EPOs (Emergency Pull Off) and one Southbound EPO. This will provide better coverage of the facility for incident management and detection. This consists of the addition of one pole with three cameras at each of the chosen locations. The poles have been designed to minimize the impact of high winds. This project will be completed in 2022.

Continuing Education, Training and Conferences

Throughout 2021, Maintenance Division personnel attended the following training classes:

- Mobile Elevated Work Platform classroom and in-the-field training
- A two-day pesticide recertification course
- HVAC/R Technician Certification
- A/B Operator Fuel System Training
- FHWA NHI Tunnel Safety Inspection Refresher
- Procurement Administrator Certification
- Monthly Safety Meetings conducted by the District included the following topics:
 - ◆ Maintenance of Traffic and Roadway Safety
 - ◆ General PPE
 - ◆ Proper Lifting
 - ◆ Lookout/Tagout Electrical Safety
 - ◆ Silica Dust Safety
 - ◆ Driver Safety
 - ◆ Confined Space
 - ◆ Snow Removal
 - ◆ Hearing Safety
 - ◆ Safe Use of Hand and Power Tools
 - ◆ Fire Extinguisher Use and Safety



MARKETING AND COMMUNITY RELATIONS

General Advertising

The Chesapeake Bay Bridge-Tunnel has been an integral part of the Commonwealth's transportation system for more than 57 years and while the pandemic continued to be headline news in 2021, people were determined to travel and the District continued to promote this coastal route to the appropriate audiences. Advertising and public relations continues through cooperative advertising and promotional efforts with surrounding localities, the Virginia Tourism Corporation, the Coastal Virginia Tourism Alliance, and the Eastern Shore of Virginia Tourism Commission.

Response was made to more than 1,000 individuals requesting literature and information on the Chesapeake Bay Bridge-Tunnel and surrounding areas. In addition to those individual requests, more than 96,000 pieces of bulk mail (promotional brochures and toll schedules) were shipped to individual businesses for display in their brochure racks.

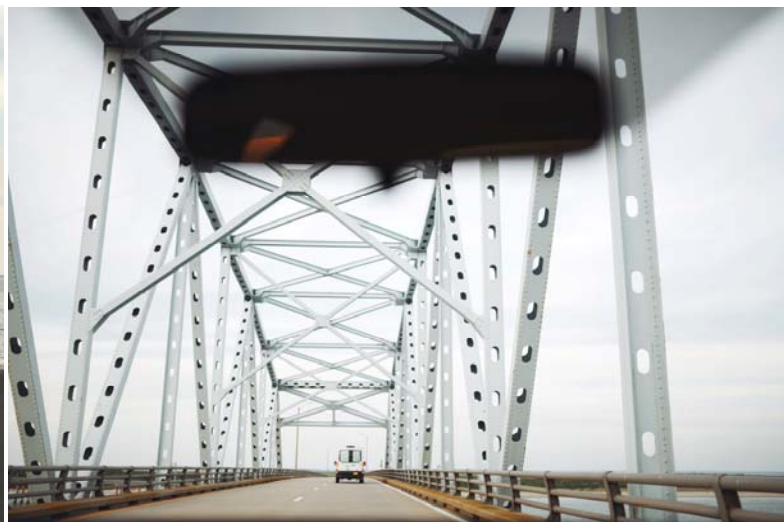
The District continues to develop and publish informational brochures, flyers, and newsletters for its employees and retirees throughout the year.

The "Follow the Gulls" promotional brochure, which is distributed at all Virginia Welcome Centers as well as along the eastern seaboard, not only includes important travel information about the facility but also includes general

information on the Parallel Thimble Shoal Tunnel Project. An E-ZPass brochure, specific to its use on the CBBT, addresses frequently asked questions about the E-ZPass system, including account replenishment and toll discounts offered by the CBBT. An informational brochure entitled "Meet Chessie" is also popular with visitors at the Eastern Shore Welcome Center, as it highlights interesting facts on the tunnel boring machine as well as general project information. In an effort to encourage post-pandemic travel along the coastal corridor, the CBBT participated in a "DISCOVER MORE" program which expanded its brochure distribution reach in the northeast markets.

Digital Marketing

Social media continues to be a positive extension of the CBBT's marketing. Twitter continues to serve as a positive platform to inform followers of up-to-date traffic and weather conditions on the facility, with 16,033 direct followers to date. Facebook is used to provide general information, photography, and history, as well as an additional means to disseminate information to the social public. Our "friends" community continues to grow with a current following of 34,270. Instagram is used as an extension of Facebook, with a current following of 3,089. In addition to search engine optimization and Google ads, CINIVA created additional digital advertising, including 10-, 30- and 60-second video ads, to enhance the organic following and engage potential



customers in key markets through the social media platforms.

The District's responsive website offers an abundance of information to the many varied visitors, including travelers, students and contractors and also provides a library of all pertinent documents and information as it pertains specifically to the Parallel Thimble Shoal Tunnel Project. Website visits remain strong, with 428,843 recorded in 2021. An additional 17,318 pageviews were recorded on the new microsite that served as the landing page for all digital marketing efforts in 2021.

The District is excited to work with Slab Studio of Norfolk, VA on the redesign of the current website. The goal is to develop a fresh, easy-to-navigate site that will continue to provide all the pertinent information to the vast array of site visitors in a more streamlined, yet vibrant, manner. In addition to the website redesign, the spring/summer digital marketing campaign will be designed to complement the new website with a goal to build greater awareness of this facility as well as create greater consumer engagement and interaction. Slab Studio was awarded this contract in response to a request for proposal that was issued in November 2021.

Tours

In an effort to protect the health and well-being of employees as well as guests, the District continued to share its history and project updates to organizations throughout the year via ZOOM and other digital platforms. When appropriate, presentations and Project tours were provided to a variety of interested persons, providing participants with a vast amount of transparent knowledge regarding the District, its history and mission, general operations and maintenance, and the Parallel Thimble Shoal Tunnel Project.



The District welcomed film crews to the CBBT at various times throughout the year. Fox News Media visited the facility in late June to conduct interviews with District staff and to film the facility for an upcoming documentary on the original crossing of the CBBT entitled "American Built." This episode is anticipated to be aired some time in 2022. Additionally, Canadian Broadcast Network was on site in late fall to film for a documentary entitled "The Fifth Estate." As a result of last year's filming with Robbins Digital Media, the CBBT, as well as other areas of



Hampton Roads, served as spectacular backdrops for the digital marketing materials, including a national commercial, for Mercedes Benz' 2021 E-Class.

Partnerships

The CBBT's partnership with the Eastern Shore Tourism Commission remains strong. The Eastern Shore Southern Gateway Welcome Center is located within the North Toll Plaza Rest Area and operated by the Eastern Shore of Virginia Tourism Commission. The travel ambassadors, comprised largely of volunteer staff led by Director of Destination Development Christy Betz, continue to actively and safely engage the visitors when they come into the Center in order to determine their vacation preferences and to convert them from "travelers" to "visitors," as they guide them to the Eastern Shore's many attractions and amenities. A total of 69,276 visitors were welcomed during the 2021 calendar year. This represents a 73% increase over the 2020 visitation counts, which were considerably low as a result of the pandemic and a 95-day closure. Since opening its doors in the fall of 2009, this center has welcomed more than 1.2 million visitors.

E-ZPass

More than 74% of the customers traveling the Chesapeake Bay Bridge-Tunnel use E-ZPass. A full-service E-ZPass Customer Service Office is located within the CBBT's Administration Building, which continues to provide valuable assistance to customers with account maintenance and updates, payments and sales. In 2021, the District assisted more than 3,300 customers with their Virginia E-ZPass accounts and sold 285 "On-the-Go" retail transponders, including E-ZPass FLEX tags, which work on the nearby 64 Express Lanes. An additional 972 "On-the-Go"

transponders were sold from the E-ZPass vending machines that were installed at the North and South Toll Plazas in January 2019. These vending machines, which continue to be the only machines available in the Commonwealth, provide 24/7 purchase access to CBBT customers. The CBBT's E-ZPass Customer Service Specialist continues to provide account assistance safely over the phone to these traveling customers.

Employee Relations

From healthy snack options in the vending machines, to biometric screenings, and a flu shot clinic, the District continues to promote a healthier work environment. Throughout the year, a variety of workplace challenges are hosted to encourage healthy habits. With the opening of a new YMCA in Northampton County, the District was also able to offer group membership rates to employees and their families. With 24-hour access to most of the YMCAs in South Hampton Roads, this membership is especially beneficial to our shift workers. An on-campus fitness room equipped with a treadmill, elliptical, and Smith machine, is also available around the clock to all employees.

Community Relations

The Commission and District continue to donate funds to Eastern Shore Rural Health, which in turn are used to purchase scrip toll tickets for local residents who need to travel across the Chesapeake Bay for medical reasons. This Medical Tolls Program has benefited many Eastern Shore residents over the past twenty-nine years.

The Educational Toll Program was created in 2010, to provide assistance to students



commuting across the Chesapeake Bay Bridge-Tunnel for the purpose of furthering their post-secondary education. This successful program is a partnership between the Chesapeake Bay Bridge-Tunnel and the Eastern Shore Community College, who administers the program.

In an effort to tackle the growing hunger within our community that spiked as a result of the pandemic, the CBBT's Wellness Committee hosted a District-wide raffle in an effort to raise money for the local Foodbank. As a result of this internal effort, more than \$2,000 was raised for the Eastern Shore Foodbank.

District employees continue to support the Eastern Shore of Virginia's United Way campaign. Employees pledged \$18,504 to this year's campaign, "Invest in the Future, Invest in the Shore," providing valuable support to community organizations and non-profit agencies.

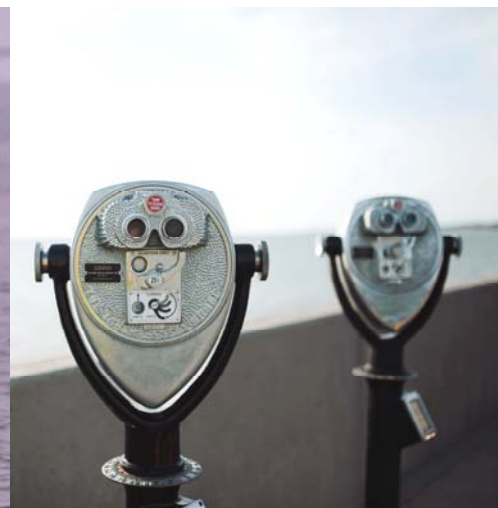
In 2020, during the height of the pandemic, CBBT employees volunteered their time and efforts to assist with the creation and implementation of Shore Delivery Corps, a free service providing the delivery of groceries and prescriptions to at-risk members of the Eastern Shore community. Shore Delivery Corps continued to serve the community through much of 2021, providing services two days a week. As demand decreased, a local delivery business agreed to take over this service to continue to serve the at-risk community members.

In July 2021, the U. S. Mint released the 2021 designs for its American Innovations \$1 coin series. The Chesapeake Bay Bridge-Tunnel was honored to have been selected to appear on the tail side of the Virginia coin. The design depicts a view of the CBBT as a cross-section cut-away, illustrating a major aspect of this engineering marvel.



Birdwatching Tours

The CBBT's habitat of concrete, steel, asphalt and rocks located in open water create an inviting rest stop for birds during spring and fall migration. The District continues to offer birding enthusiasts the opportunity to observe the many birds and waterfowl from areas along the facility. During the 2021 calendar year, there were four birdwatching tours conducted on #4 Island. Birding tours continue to be limited to the northernmost island as a result of the ongoing construction for the Parallel Thimble Shoal Tunnel.





CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT



FINANCIAL STATEMENTS
FOR CALENDAR YEAR 2021

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report
As of December 31, 2021

Overview of the Financial Statements

The Chesapeake Bay Bridge and Tunnel District's (the "District") financial report for the years ended December 31, 2021 and 2020 provides long-term and short-term information about the District's overall financial status. This report consists of two parts: management's discussion and analysis and the basic financial statements, including notes to the basic financial statements. Management's discussion and analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities. The basic financial statements are the statements of net position as of December 31, 2021 and 2020 and the related statements of revenues, expenses, and changes in net position. 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 Year ended December 31, 2021

- Gross toll revenues before deductions for the year ending 2021 were \$67,903,000 and were 29.7% more than toll revenues in the previous year. During 2021, 4,245,899 total revenue vehicles crossed the District's facility. This represents a 31.6% increase in vehicular traffic over 2020. The sharp increase in toll revenues and vehicular traffic during calendar year 2021 is due to the strong rebound from the effects of the global pandemic caused by the coronavirus starting in March 2020. Additional information related to the effects of the pandemic can be found below.
- Other revenues in 2021 totaled \$1,296,561, which is a decrease of 2.0% from other revenues in 2020.
- Operating expenses in 2021, before District facility expenses, totaled \$15,863,129, which is an increase in operating expenses of \$532,492 or 3.5% from 2020.
- Total net position at December 31, 2021 was \$786,437,657, a 2.4% increase over total net position at December 31, 2020.
- Since March 2020, Virginians have fought against the spread of COVID-19. Commonsense public health restrictions have kept many Virginians safe during the last year, and with vaccines now widely available – over 6 million Virginians or 71% of the Commonwealth's total population are fully vaccinated and safe from serious illness or death caused by COVID-19. Executive Order Number Seventy-Nine was issued on May 14, 2021 to end the commonsense public health restrictions due to COVID-19. With the change in health restrictions, the District's vehicular traffic and toll revenues have experienced a strong rebound. Each month since April 2021 has been an all-time record high for both traffic and toll revenues.
- 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. Over the life of the 2021 TIFIA Loan, the refinancing is expected to save the District \$56.7 million in interest expense with a net present savings of nearly \$43 million.

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

Statement of Revenues, Expenses, and Changes in Net Position
Years ended December 31, 2021 & 2020

	Twelve months ended	
	2021	2020
Operating revenues:		
Toll	\$ 66,502,158	51,209,572
Other	1,296,561	1,321,898
Total operating revenues	67,798,719	52,531,470
Operating expenses:		
Administration	369,629	326,103
Finance	838,223	804,829
Operations	4,508,674	4,525,958
Maintenance and tunnel operations	4,054,322	4,153,931
General	4,854,397	4,168,949
Consultants	576,130	657,500
Utilities	661,755	693,367
Total operating expenses before district facility expenses	15,863,130	15,330,637
District facility expenses:		
Insurance	1,285,829	1,118,022
Depreciation	661,810	671,740
Bridge and tunnel preservation	9,308,953	17,142,663
Other	126,386	217,176
Total district facility expenses	11,382,978	19,149,601
Total operating and district facility expenses	27,246,108	34,480,238
Operating income	40,552,611	18,051,232
Nonoperating revenues (expenses):		
Change in fair value of investments	(6,956,544)	6,835,066
Interest income	5,335,919	7,840,280
Interest expense	(20,217,379)	(20,249,568)
Bond issuance costs	(323,564)	-
Gain on asset disposal	28,936	87,264
Other revenues (expenses)	8,787	(14,000)
Total nonoperating revenues (expenses), net:	(22,123,845)	(5,500,958)
Increase in net position	18,428,766	12,550,274
Total net position, beginning of year	768,008,891	755,458,617
Total net position, end of year	\$ 786,437,657	768,008,891

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Net Position
December 31, 2021 and 2020

Assets and Deferred Outflows of Resources	<u>2021</u>	<u>2020</u>
Current assets:		
Cash	\$ 1,918,094	1,457,219
Investments	95,157,277	38,060,191
Accounts receivable and accrued interest receivable, net	1,533,449	1,199,776
Prepaid expenses and other assets	<u>378,696</u>	<u>380,041</u>
Total current assets	<u>98,987,516</u>	<u>41,097,227</u>
Restricted assets:		
Cash	31,836	9,485,294
Investments	390,672,425	431,087,657
Accrued interest receivable	<u>42,529</u>	<u>382,549</u>
Total restricted assets	<u>390,746,790</u>	<u>440,955,500</u>
Investments	193,134,382	224,949,654
Capital assets:		
Bridge and tunnel facilities	422,370,201	422,370,201
Construction in progress - Parallel Thimble Shoal Tunnel	471,341,560	454,294,003
Construction in progress - Parallel Chesapeake Tunnel	3,322,207	2,537,902
Miscellaneous capital assets, net of accumulated depreciation	<u>9,879,790</u>	<u>9,830,727</u>
Total capital assets	<u>906,913,758</u>	<u>889,032,833</u>
Bond insurance costs, net of accumulated amortization	2,351,769	2,464,061
Deferred outflows of resources:		
Pension contributions	1,080,660	958,688
Pension investment experience	1,086,137	-
Differences between expected and actual - Pension	912,445	260,269
Change in pension assumption	545,781	950,062
RHIP OPEB Contributions	105,724	67,337
Differences between expected and actual - RHIP OPEB	210,065	286,120
GLI OPEB contribution	44,950	43,102
GLI OPEB investment experience	20,167	-
Change in proportionate share - GLI OPEB	1,652	2,326
Differences between expected and actual - GLI OPEB	43,062	45,064
Change in GLI OPEB assumptions	<u>33,576</u>	<u>42,779</u>
Total deferred outflows of resources	<u>4,084,219</u>	<u>2,655,747</u>
Total assets and deferred outflows of resources	<u>\$ 1,596,218,434</u>	<u>1,601,155,022</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statements of Net Position
December 31, 2021 and 2020

Liabilities, Deferred Inflows and Net Position	2021	2020
Current liabilities:		
Accounts payable & accrued expenses	\$ 10,618,073	10,854,810
Accrued interest	17,387,219	17,525,899
Unearned revenue	685,529	757,824
Total current liabilities	28,690,821	29,138,533
Long-term liabilities:		
Long-term debt, net of current portion	758,444,391	782,901,636
Net pension liability	15,331,203	12,265,486
Net RHIP OPEB Liability	4,849,441	4,833,426
Arbitrage rebate liability	1,227,869	2,159,858
Net GLI OPEB Liability	671,372	677,593
Total long-term liabilities	780,524,276	802,837,999
Deferred inflows of resources:		
Differences between expected and actual pension experience	-	21,141
Change in Assumptions - Pension	-	104,586
Pension investment experience	-	302,137
Change in RHIP OPEB assumptions	520,597	689,923
GLI OPEB investment experience	-	13,918
Differences between expected and actual experience - GLI OPEB	6,029	8,790
Change in GLI OPEB assumptions	14,019	20,432
Change in proportionate share GLI OPEB	25,035	8,672
Total deferred inflows of resources	565,680	1,169,599
Total liabilities and deferred inflows of resources	809,780,777	833,146,131
Commitments and contingencies		
Net position:		
Net investment in capital assets	440,469,760	419,712,992
Restricted for debt service	75,769,695	102,474,081
Restricted for forfeited property	11,892	11,850
Unrestricted	270,186,310	245,809,968
Total net position	786,437,657	768,008,891
Total liabilities, deferred inflows of resources, and net position	\$ 1,596,218,434	1,601,155,022

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Statement of Cash & Investments
As of December 31, 2021

	Cash	Investments	Totals
<u>GENERAL REVENUE BOND RESOLUTION FUNDS:</u>			
Unrestricted:			
Revenue Fund	\$ 1,171,993	3,308,781	4,480,774
Operations & Maintenance Reserve Fund	-	4,090,755	4,090,755
Reserve Maintenance Fund	538,352	14,054,914	14,593,266
General Fund	207,749	266,837,209	267,044,958
Total	1,918,094	288,291,659	290,209,753
Restricted:			
Parallel Thimble Shoal Tunnel Project Fund - Series 2016 Bonds	-	11,531,833	11,531,833
Parallel Thimble Shoal Tunnel Project Fund - VTIB	-	728,203	728,203
Parallel Thimble Shoal Tunnel Project Fund - TIFIA	-	37	37
Parallel Thimble Shoal Tunnel Project Fund - Series 2019 BANs	-	302,653,395	302,653,395
Series 2016 Interest Fund	-	7,912,875	7,912,875
Series 2016 VTIB Interest Fund	-	20,905	20,905
TIFIA Debt Service Reserve Fund	-	20,471,819	20,471,819
VTIB Debt Service Reserve Fund	-	3,365,232	3,365,232
2019 BANs Capitalized Interest Fund	-	34,534,626	34,534,626
2019 BANs Interest Fund	-	9,453,500	9,453,500
Total	-	390,672,425	390,672,425
<u>OTHER RESTRICTED ASSETS:</u>			
Restricted Asset Forfeited Property Account	31,836	-	31,836
Totals	\$ 1,949,930	678,964,084	680,914,014

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Schedule of Investments
As of December 31, 2021

Unrestricted investments at fair market value as of December 31, 2021 consist of the following:

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Market Value</u>
<u>Revenue Bond - Revenue Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	\$ 3,308,781
<u>General Revenue Bond - Operations & Maintenance Reserve Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	4,090,755
<u>GR Reserve Maintenance Fund:</u>			
Freddie Mac Notes	0.250%	06/26/23	2,248,883
BB&T Trust Deposit	Variable	Not Fixed	11,806,031
			<u>14,054,914</u>
<u>GR General Fund:</u>			
Apple Inc. Bonds	2.500%	01/09/22	2,945,871
Freddie Mac Global Notes	2.375%	01/13/22	3,832,405
US Treasury Notes	2.500%	01/15/22	2,366,478
US Treasury Notes	1.875%	01/31/22	2,923,650
Federal Home Loan Mortgage Corp. Notes	5.500%	02/01/22	209
US Treasury Notes	2.500%	02/15/22	5,364,210
Fannie Mae Notes	1.875%	04/05/22	3,415,245
Fannie Mae Notes	1.875%	04/05/22	924,125
US Treasury Notes	1.875%	04/30/22	2,835,862
US Treasury Notes	1.875%	04/30/22	3,720,813
US Treasury Notes	1.750%	05/31/22	2,430,470
Blackrock Inc. Corporate Notes	3.375%	06/01/22	1,214,962
Blackrock Inc. Corporate Notes	3.375%	06/01/22	1,265,585
Fannie Mae Pool	3.000%	06/01/22	9,156
MUFG Bank LTD NY Commercial Paper	Variable	06/17/22	4,648,492

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Schedule of Investments
As of December 31, 2021

Unrestricted investments at fair market value as of December 31, 2021 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Resolution General Fund (continued):</u>			
US Treasury Notes	2.125%	06/30/22	\$ 2,437,263
Federal Home Loan Mortgage Corp. Notes	6.000%	07/01/22	5,867
US Treasury Notes	1.750%	07/15/22	1,683,308
US Treasury Notes	1.750%	07/15/22	4,777,772
US Treasury Notes	1.750%	07/15/22	614,861
Freddie Mac Notes	0.125%	07/25/22	1,549,273
US Treasury Notes	2.000%	07/31/22	3,717,950
US Treasury Notes	1.500%	08/15/22	1,405,680
Exxon Mobil Corporation	1.902%	08/16/22	655,666
Nordea Bank CD	1.850%	08/26/22	2,715,811
US Treasury Notes	1.625%	08/31/22	3,026,719
US Treasury Notes	1.625%	08/31/22	3,768,265
Fannie Mae Notes	1.375%	09/06/22	5,591,586
Fannie Mae Notes	1.375%	09/06/22	3,959,448
US Treasury Notes	1.375%	10/15/22	1,199,669
US Treasury Notes	1.625%	11/15/22	3,890,906
US Treasury Notes	0.125%	12/31/22	3,090,313
US Treasury Notes	0.125%	12/31/22	3,180,031
US Treasury Notes	1.750%	01/31/23	2,210,316
Federal Home Loan Bank Notes	1.375%	02/17/23	1,939,788
Federal Home Loan Bank Notes	1.375%	02/17/23	2,323,704
Federal Home Loan Bank Notes	1.375%	02/17/23	3,061,227
Walmart Stores, Inc.	2.550%	04/11/23	3,986,511
Freddie Mac Notes	0.375%	04/20/23	1,996,406
Freddie Mac Notes	0.375%	04/20/23	3,493,711
US Treasury Notes	2.750%	04/30/23	1,945,224
Freddie Mac Notes	0.375%	05/05/23	3,492,111
Fannie Mae Notes	0.250%	05/22/23	3,236,370
Freddie Mac Notes	0.250%	06/26/23	3,174,308
US Treasury Notes	2.625%	06/30/23	5,203,078
Fannie Mae Notes	0.250%	07/10/23	4,137,124
Fannie Mae Notes	0.300%	08/10/23	4,462,539
Fannie Mae Notes	0.360%	08/18/23	2,983,875
Freddie Mac Notes	0.250%	08/24/23	1,992,114
Freddie Mac Notes	0.250%	08/24/23	2,285,218
Freddie Mac Notes	0.250%	09/08/23	962,974
Freddie Mac Notes	0.250%	09/08/23	1,285,620

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Schedule of Investments
As of December 31, 2021

Unrestricted investments at fair market value as of December 31, 2021 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Resolution General Fund (continued):</u>			
US Treasury Notes	2.875%	09/30/23	\$ 4,287,456
US Treasury Notes	0.125%	10/15/23	2,435,400
US Treasury Notes	2.875%	10/31/23	2,556,863
Freddie Mac Notes	0.250%	11/06/23	332,038
International Bank of Recon & Dev Global	0.250%	11/24/23	941,211
Fannie Mae Notes	0.250%	11/27/23	1,857,551
US Treasury Notes	2.875%	11/30/23	1,134,452
US Treasury Notes	2.875%	11/30/23	3,018,266
Freddie Mac Notes	0.250%	12/04/23	1,906,539
US Treasury Notes	0.125%	12/15/23	2,639,128
US Treasury Notes	0.125%	01/15/24	1,298,357
Fannie Mae Notes	0.310%	01/26/24	1,088,107
Fannie Mae Notes	0.310%	01/26/24	3,941,914
US Treasury Notes	2.500%	01/31/24	1,993,879
US Treasury Notes	2.500%	01/31/24	2,206,214
US Treasury Notes	2.500%	01/31/24	3,625,234
US Treasury Notes	0.250%	03/15/24	2,346,797
US Treasury Notes	0.250%	03/15/24	2,470,313
Federal Farm Credit Bank Notes	0.875%	04/08/24	3,593,693
US Treasury Notes	2.250%	04/30/24	1,972,373
US Treasury Notes	0.375%	09/15/24	3,322,083
US Treasury Notes	2.250%	10/31/24	440,406
US Treasury Notes	1.500%	10/31/24	3,265,234
US Treasury Notes	0.750%	11/15/24	2,078,570
US Treasury Notes	2.125%	11/30/24	1,074,450
Fannie Mae Notes	1.625%	01/07/25	3,318,569
Fannie Mae Notes	1.625%	01/07/25	2,753,598
Freddie Mac Notes	1.500%	02/12/25	999,195
Freddie Mac Notes	1.500%	02/12/25	1,491,184
Freddie Mac Notes	1.500%	02/12/25	2,323,001

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Schedule of Investments
As of December 31, 2021

Unrestricted investments at fair market value as of December 31, 2021 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Resolution General Fund (continued):</u>			
Microsoft Corporation	2.700%	02/12/25	\$ 2,481,132
US Treasury Notes	0.500%	03/31/25	2,458,203
Federal Home Loan Bank Notes	0.500%	04/14/25	2,243,292
Fannie Mae Notes	0.625%	04/22/25	1,636,214
Fannie Mae Notes	0.625%	04/22/25	3,006,297
US Treasury Notes	0.250%	05/31/25	1,653,250
Fannie Mae Notes	0.500%	06/17/25	3,463,554
Fannie Mae Notes	0.500%	06/17/25	2,140,839
Fannie Mae Notes	0.500%	06/17/25	1,195,343
Freddie Mac Notes	0.375%	07/21/25	1,290,163
Fannie Mae Notes	0.500%	08/14/25	2,262,035
Fannie Mae Notes	0.375%	08/25/25	2,081,518
Federal National Mortgage Assn.	0.375%	08/25/25	2,334,413
US Treasury Notes	0.250%	08/31/25	1,767,684
Freddie Mac Notes	0.375%	09/23/25	3,051,276
US Treasury Notes	0.250%	09/30/25	1,984,656
US Treasury Notes	0.250%	09/30/25	3,315,828
Fannie Mae Notes	0.500%	10/20/25	2,319,986
Fannie Mae Notes	0.500%	11/07/25	2,195,642
US Treasury Notes	0.375%	12/31/25	2,955,641
US Treasury Notes	0.375%	12/31/25	1,720,086
US Treasury Notes	0.375%	12/31/25	1,841,219
US Treasury Notes	0.375%	12/31/25	3,789,034
US Treasury Notes	0.375%	12/31/25	2,093,175
US Treasury Notes	0.375%	01/31/26	1,789,875
US Treasury Notes	0.750%	05/31/26	1,106,870
US Treasury Notes	0.750%	05/31/26	1,469,297
GNMA Pool #5276	3.000%	01/01/27	168,391
GNMA Pool #794283	3.500%	03/01/27	97,091
GNMA Pool #MA0007	3.000%	04/01/27	296,358
Fannie Mae Pool #1084	3.500%	06/01/32	399,114
BB&T Trust Deposit	Variable	Not Fixed	177,519
			<u>266,837,209</u>
Total unrestricted investments			<u>\$ 288,291,659</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Schedule of Investments
As of December 31, 2021

Restricted investments at fair market value as of December 31, 2021 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>General Revenue Bond - TIFIA Debt Service Reserve Fund:</u>			
Freddie Mac Notes	0.250%	06/26/23	\$ 9,030,360
US Treasury Notes	0.125%	12/31/22	5,722,063
US Treasury Notes	2.250%	12/31/23	3,285,700
Freddie Mac Notes	0.375%	09/23/25	2,366,196
BB&T Trust Deposit	Variable	Not Fixed	67,500
			20,471,819
<u>General Revenue Bond - VTIB Debt Service Reserve Fund:</u>			
US Treasury Notes	0.125%	12/31/22	1,650,825
Freddie Mac Notes	0.250%	06/23/23	1,333,409
Freddie Mac Notes	0.375%	09/23/25	349,828
BB&T Trust Deposit	Variable	Not Fixed	31,170
			3,365,232
<u>General Revenue Bond - Series 2016 Interest Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	7,912,875
<u>General Revenue Bond - Series 2016 VTIB Interest Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	20,905
<u>2016 Thimble Shoal Project Fund:</u>			
Local Government Investment Pool SNAP	Variable	Not Fixed	11,531,825
BB&T Trust Deposit	Variable	Not Fixed	8
			11,531,833
<u>2016 Thimble Shoal Project Fund - TIFIA:</u>			
BB&T Trust Deposit	Variable	Not Fixed	37
<u>2016 Thimble Shoal Project Fund - VTIB:</u>			
BB&T Trust Deposit	Variable	Not Fixed	728,203

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Schedule of Investments
As of December 31, 2021

Restricted investments at fair market value as of December 31, 2021 consist of the following:

Description	Coupon Rate	Maturity Date	Market Value
<u>2019 BANs Interest Fund:</u>			
BB&T Trust Deposit	Variable	Not Fixed	\$ 9,453,500
<u>2019 BANs Capitalized Interest Fund:</u>			
US Treasury Notes	1.750%	06/30/22	8,818,648
US Treasury Notes	2.125%	12/31/22	9,355,846
Freddie Mac Notes	0.250%	06/26/23	9,587,605
Freddie Mac Notes	0.250%	08/24/23	6,761,264
Local Government Investment Pool SNAP	Variable	Not Fixed	517
BB&T Trust Deposit	Variable	Not Fixed	10,746
			34,534,626
<u>2019 BANs Thimble Shoal Tunnel Project Fund:</u>			
US Treasury Notes	0.125%	12/15/23	49,421,875
US Treasury Notes	0.250%	03/15/24	30,577,528
US Treasury Notes	0.250%	06/15/24	49,265,625
Local Government Investment Pool SNAP	Variable	Not Fixed	172,166,961
BB&T Trust Deposit	Variable	Not Fixed	1,221,406
			302,653,395
Total restricted investments			\$ 390,672,425

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT
VEHICULAR TRAFFIC STATISTICS

	2021				2020			
	Cars/ Light Trucks	Heavy Trucks	Buses	Totals	Cars/ Light Trucks	Heavy Trucks	Buses	Totals
Jan	186,742	26,948	167	213,857	213,279	27,067	837	241,183
Feb	164,026	24,894	181	189,101	202,906	25,345	825	229,076
Mar	236,429	30,738	241	267,408	172,302	27,958	521	200,781
Apr	313,286	32,011	296	345,593	88,881	23,562	89	112,532
May	356,135	32,069	354	388,558	181,340	24,560	95	205,995
Jun	387,641	34,664	392	422,697	285,530	30,096	121	315,747
Jul	488,195	35,300	581	524,076	359,214	32,727	257	392,198
Aug	472,349	33,392	581	506,322	362,077	29,850	190	392,117
Sep	344,450	31,434	586	376,470	290,630	29,984	177	320,791
Oct	325,387	35,245	714	361,346	277,706	30,938	206	308,850
Nov	303,669	32,594	594	336,857	236,265	27,992	161	264,418
Dec	281,764	31,340	510	313,614	214,519	28,250	159	242,928
	<u>3,860,073</u>	<u>380,629</u>	<u>5,197</u>	<u>4,245,899</u>	<u>2,884,649</u>	<u>338,329</u>	<u>3,638</u>	<u>3,226,616</u>

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report
As of December 31, 2021

(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 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. 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.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report
As of December 31, 2021

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 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 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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report
As of December 31, 2021

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, E-ZPass 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 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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report

As of December 31, 2021

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.

(3) Cash Deposits and Investments**(a) Deposits**

The carrying value of the District's deposits (unrestricted and restricted) were \$1,949,930 and \$10,942,513 at December 31, 2021 and 2020, respectively. The bank balance of these deposits was \$1,982,672 and \$11,179,228 at December 31, 2021 and 2020, 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 third-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

Notes to the Financial Statements & Governor's Report
As of December 31, 2021

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

	Standard & Poor Credit Rating					
	Total	AAA	AA+	AA	AA-	A-1
U.S. Treasuries	\$ 290,001,240	-	290,001,240	-	-	-
Supra-National Agency	941,211	941,211	-	-	-	-
U.S. Agencies	144,602,678	-	144,602,678	-	-	-
Federal Agency						
Mortgage-Backed	976,187	-	976,187	-	-	-
Commercial Paper	4,648,492	-	-	-	-	4,648,492
Certificate of Deposit	2,715,811	-	-	-	2,715,811	-
Corporate	12,549,726	2,481,131	2,945,872	4,642,177	2,480,547	-
	<u>\$ 456,435,345</u>	<u>3,422,341</u>	<u>438,525,977</u>	<u>4,642,177</u>	<u>5,196,357</u>	<u>4,648,492</u>

(d) Concentration of Credit Risk

The District's investment policy establishes guidelines on portfolio composition by investment type in order to control concentration of credit risk. As of December 31, 2021, the District's portfolio was invested as follows:

Investment type	2021 Fair value	Percentage of portfolio
U.S. Treasuries	\$ 290,001,240	42.72%
U.S. Agencies	144,602,678	21.30
Federal Agency Mortgage- Backed	976,187	0.15
Supra-National Agency	941,211	0.14
Certificate of Deposit	2,715,811	0.40
Money Market Funds	222,528,739	32.77
Commercial Paper	4,648,492	0.68
Corporate Notes	12,549,726	1.84
	<u>\$ 678,964,084</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 Debt Service Reserve Fund are limited to investments with maturities less than five years. Investments in the General Resolution General Fund are limited to investments with maturities that are consistent with the schedule of planning, development, and construction of parallel tunnels that would complete the parallel crossing.

Investments are selected based on the current perception of the direction of interest rates with a greater emphasis on yield and a lesser emphasis on liquidity.

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

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report

As of December 31, 2021

As of December 31, 2021, the District had the following investments and maturities:

Investment type	Fair value	Investment maturities (in years)			
		Less than 1 Year	Between 1 to 3 Years	Greater than 3 Years	Not Fixed
U.S. Treasuries	\$ 290,001,240	54,982,525	101,136,834	133,881,881	-
Supra-National Agency	941,211	-	941,211	-	-
U.S. Agencies	144,602,678	19,272,083	73,884,739	51,445,856	-
Federal Agency					
Mortgage-Backed	976,187	15,233	-	960,954	-
Commercial Paper	4,648,492	4,648,492	-	-	-
Certificate of Deposit	2,715,811	2,715,811	-	-	-
Money Market Funds	222,528,739	-	-	-	222,528,739
Corporate Notes	12,549,726	6,082,083	3,986,511	2,481,132	-
	<u>\$ 678,964,084</u>	<u>43,749,754</u>	<u>270,907,179</u>	<u>71,083,632</u>	<u>298,356,937</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 third 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.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report
As of December 31, 2021

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

MRP Numeric code scale		
Numeric code	Narrative code	Definition
9	Excellent	Component 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 immediately
2	Critical	The need for repair or rehabilitation is urgent
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 land miles at an MRP condition Level 7 or better			
Bridge and tunnel assets	2021	2020	2019
Original bridges	100%	100%	100%
Parallel crossing bridges	100	100	100
Original trestles	84	84	100
Parallel crossing trestles	100	100	100

Percentage of capital assets at an MRP condition Level 7 or better			
Bridge and tunnel assets	2021	2020	2019
Approach roads	100%	100%	100%
Fisherman Island Causeway	100	100	100
Tunnels	88	88	87
Portal islands	89	85	85
Toll plaza infrastructure	100	100	100
Site-wide utilities	100	100	100

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

Notes to the Financial Statements & Governor's Report

As of December 31, 2021

(5) General Resolution Revenue Bonds

Bond activity for the year ended December 31, 2021 was as follows:

	Balance, December 31, 2020	Bond proceeds	Amortization of costs, premiums, discounts, net	Capitalized Interest	Bond payments	Balance, December 31, 2021	Amounts due within one year
First Tier General Resolution							
Series 2016 Bonds	\$ 321,515,000	-	-	-	-	321,515,000	-
Series 2016 Issuance Premiums	34,395,638	-	(1,535,754)	-	-	32,859,884	-
Series 2019 BANs	378,140,000	-	-	-	-	378,140,000	-
Series 2019 Issuance Premiums	37,893,249	-	(13,374,088)	-	-	24,519,161	-
Subordinate Tier General Resolution							
TIFIA Series 2016	9,547,135	-	-	715	(9,547,850)	-	-
VTIB Series 2016	1,410,614	-	-	(268)	-	1,410,346	-
	\$ 782,901,636	-	(14,909,842)	447	(9,547,850)	758,444,391	-

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.

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.

CHESAPEAKE BAY BRIDGE AND TUNNEL DISTRICT

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

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

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

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

(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.

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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.

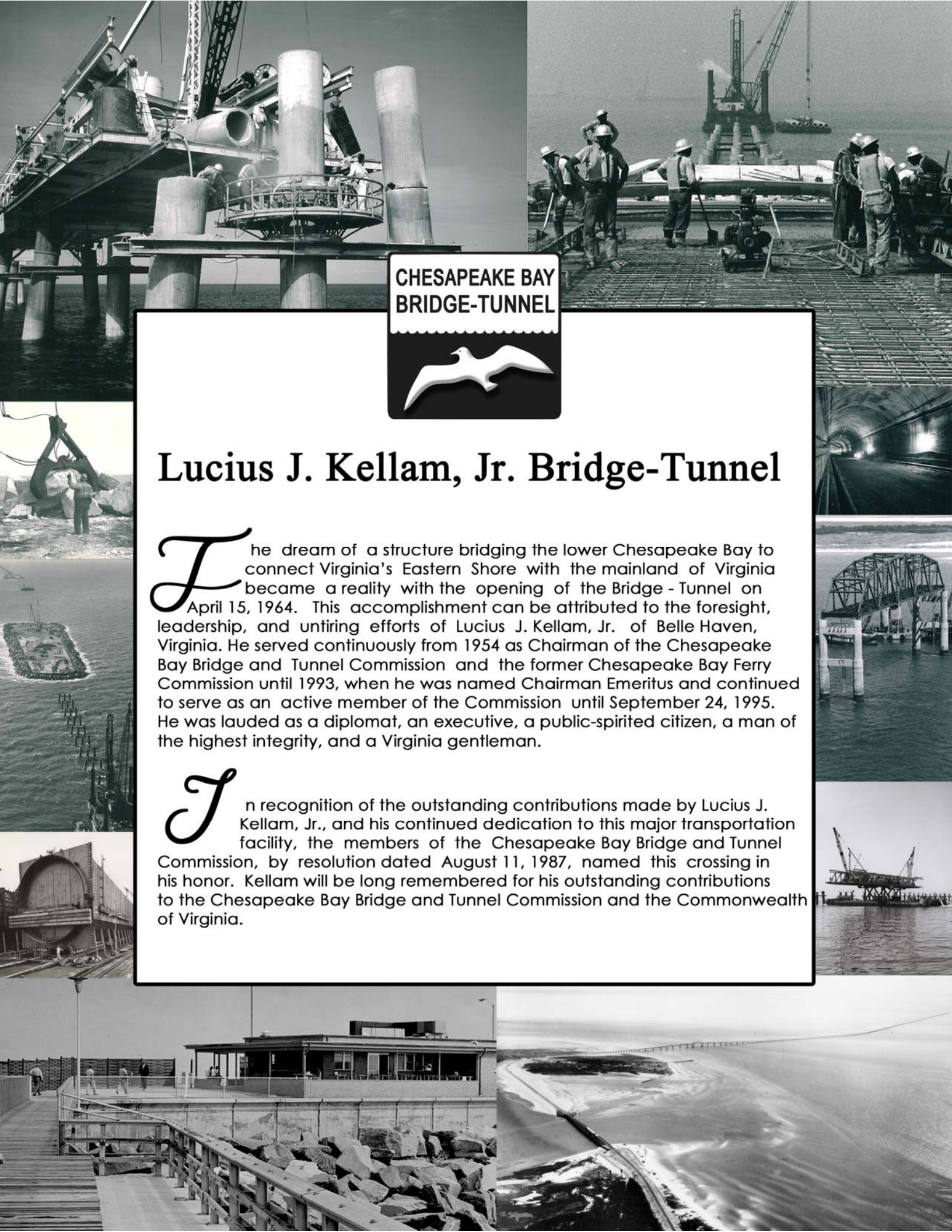
Debt securities classified in Level 2 are valued using the following approaches:

- 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.

The fair value of investments in money market funds is based on the published net asset values per share of those funds.

The District has the following recurring fair value measurements as of December 31, 2021:

	Fair value measurements using			
	Fair value 2021	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	\$ 290,001,240	—	290,001,240	—
Supra-national agency	941,211	—	941,211	—
U.S. agencies	144,602,678	—	144,602,678	—
Federal agency mortgage-backed	976,187	—	976,187	—
Certificate of deposit	2,715,811	—	2,715,811	—
Commercial Paper	4,648,492	—	4,648,492	—
Corporate notes	12,549,726	—	12,549,726	—
Total investments by fair value level	<u>456,435,345</u>	<u>—</u>	<u>456,435,345</u>	<u>—</u>
Investments measured at the net asset value (NAV):				
Money market funds	<u>222,528,739</u>			
Total investments measured at the NAV	<u>222,528,739</u>			
Total investments measured at fair value	<u>\$ 678,964,084</u>			



CHESAPEAKE BAY BRIDGE-TUNNEL



Lucius J. Kellam, Jr. Bridge-Tunnel

*T*he dream of a structure bridging the lower Chesapeake Bay to connect Virginia's Eastern Shore with the mainland of Virginia became a reality with the opening of the Bridge - Tunnel on April 15, 1964. This accomplishment can be attributed to the foresight, leadership, and untiring efforts of Lucius J. Kellam, Jr. of Belle Haven, Virginia. He served continuously from 1954 as Chairman of the Chesapeake Bay Bridge and Tunnel Commission and the former Chesapeake Bay Ferry Commission until 1993, when he was named Chairman Emeritus and continued to serve as an active member of the Commission until September 24, 1995. He was lauded as a diplomat, an executive, a public-spirited citizen, a man of the highest integrity, and a Virginia gentleman.

*I*n recognition of the outstanding contributions made by Lucius J. Kellam, Jr., and his continued dedication to this major transportation facility, the members of the Chesapeake Bay Bridge and Tunnel Commission, by resolution dated August 11, 1987, named this crossing in his honor. Kellam will be long remembered for his outstanding contributions to the Chesapeake Bay Bridge and Tunnel Commission and the Commonwealth of Virginia.