# *"Reserve Fund" established by HB 23 and SB 13 still provides an unlimited State Guarantee*

**What are "Availability Payments"?**

As long as the bridge is "available" for use, HB23/SB13 sets up periodic "Availability Payments" from KABATA's "Reserve Fund" to the bridge developer/contractor. KABATA describes this financing structure in their August 2012 TIFIA application "Letter of Interest" (LOI) (available at KABATA's website at http://www.knikarmbridge.com/documents/KnikArmCrossingFY2013-2014TIFIALOIFINAL_001.pdf) with the following description on the bottom of page 11, *"the private partner will design, build, finance, operate and maintain the Project under a concession of approximately 35 years after substantial completion in exchange for availability payments from KABATA and potentially a milestone payment(s) during or at completion of construction. The availability payments will be paid from a Project reserve fund that will hold in trust appropriated funds as well as toll revenues. The Project reserve fund will set forth minimum reserve requirements that, if not met, will trigger a **request for appropriation** from the State of Alaska under the mechanism set forth in the anticipated legislation."*

KABATA's financial plans rely upon receiving TIFIA financing at 3% interest. Given $41 billion of project costs (33 to 50% fed share) in requests (http://www.fhwa.dot.gov/ipd/tifia/letters_interest_applications/letters_submitted_2013.htm) for the available $1 billion in TIFIA loans, it is HIGHLY unlikely that HALF of the federal TIFIA loans will be given to the "Bridge to Nowhere". KABATA's financial plans need to be re-done to show all funding coming from non-TIFIA sources. KABATA admits on Page 13 of their LOI that TIFIA funds are **critical** to their current financial plan, and if not provided, the project may require further federal funds: *"The amount of TIFIA assistance requested will optimize the Project's capital structure, thus allowing for lower availability payments. Lower availability payments translate into an **increased probability** that toll revenues will be sufficient to meet them, especially during the early years of service, while maintaining the minimum Project reserve requirements under the Project Trust. These will also ensure a **lower probability** that federal-aid funds will be needed in the future to meet critical needs for capacity improvements and extensions within the Project and in the region. Even if federal-aid funds are ultimately needed, the amount required will be lower if the Project receives the maximum amount of TIFIA credit assistance authorized by law in its capital structure."*

On that same Page 13, KABATA admits that without the State guarantee provided by HB23/SB13, the project is so risky that it would not be deemed "creditworthy". *"Optimized TIFIA financing also reduces the potential that the availability payments will need legislative appropriations. This lower level of risk to the State will enhance the legislative package being presented to the Legislature next session. The passage of the legislative package contemplated is fundamental to Project creditworthiness under current market conditions and risk tolerance levels."*

**Where is the "Unlimited State Guarantee"?** It comes from the continually replenished "Reserve Fund".

If there is any question that HB23/SB13 provides a State obligation to replenish the "Reserve Fund", which establishes the State guarantee, the following from the middle of Page 16 of the LOI makes it clear:
*"The pro forma plan of finance submitted with this LOI demonstrates the senior lien obligations of the private partner will be able to achieve investment grade because of the following (the "Credit Structure"):*

- *The State of Alaska's current appropriation credit rating of AA by Standard and Poors and Aa3 by Moodys;*
- *Establishment of the Project reserve fund to assure the appropriated funds and toll revenues are pledged toward monetary obligations under the PPA, including any milestone payment(s) and the availability payments;*
- *An assumed initial $150 million appropriation by the State of Alaska Legislature deposited to the Project reserve;*
- *A **statutory trigger** for KABATA to request the Governor and State Legislature to act on **supplemental appropriations** if necessary to **replenish the Project reserve fund** to the minimum requirement, **representing an obligation of the State;**"*

Page 17 of the LOI actually minimizes the importance that the Knik Arm Bridge was supposed to be entirely financed by tolls: *"It is important to recognize that while there is a **tolling portion** to the Project, it is structured as an availability payment **backed by an appropriation pledge** by the State of Alaska."*

Mr. Jeff Stark, of the AG's office was accurate in his statements on March 22, 2012 before the House Finance Committee that if the Toll Revenues fall short, the State will need to make up the difference.

**HB23/SB13 allows KABATA to issue $600 million in Private Activity Bonds WITHOUT any further action by the Legislature.**
KABATA projects a 3% TIFIA loan for $500 M resulting in an overall interest rate is 5.9% because in early years the amount of principal owed actually increases because of the toll shortfall. Without TIFIA's 3% loan for half the construction costs, the overall interest rate to jumps to at least 8.6% and project financing costs balloon. See the following from the bottom of page 22 and top of page 23 of LOI:
*If enacted, the legislation would accomplish the following:*

- *Authorize KABATA to establish a Project reserve fund to hold toll revenues, appropriated funds and other KABATA revenues, and available to pay PPA monetary obligations and KABATA's own operating costs, with surplus available to pay for capacity improvements and expansions related to the Project and other Title 23 eligible transportation improvements and transit;*
- *Establish for KABATA a procedure, comparable to that available to other public corporations under Alaska law, to report to the Legislature and **request further appropriations** if the Project reserve fund falls below a **minimum reserve fund** requirement;*
- *Increase KABATA's **bonding authority to $600 million,** enabling KABATA to act as conduit issuer for the **full amount of the PABs** allocation to the Project;*

The following pages show annotated versions of the traffic forecast and "Pro-Forma" from KABATA's August 2012 TIFIA application, which highlight problems with KABATA's current financial plan.

Traffic Forecast is at: http://www.knikarmbridge.com/documents/MemoforAugust2012TandRforecastupdated8.23.2012.pdf
Pro-Forma is at: http://www.knikarmbridge.com/documents/KnikArmCrossingProFormaModel_000.pdf

Original Document available at: http://www.knikarmbridge.com/documents/MemoforAugust2012TandRforecastupdated8.23.2012.pdf

The 4 lane Glenn Highway had 29,664 Average daily traffic at Eklutna in 2010

**Table 1**
**Estimated Average Daily Transactions and Gross Toll Revenue**
**Base Forecast using Probable Economic Assumptions**
**Proposed Knik Arm Crossing**
**Assuming Year 2017 Opening**

KABATA predicts equaling Glenn Hwy in only 15 years

| | Estimated Annual Average Daily Transactions | | | Estimated Annual | |
|---|---|---|---|---|---|
| **Year** | **Passenger Car** | **Commercial Vehicle** | **Total** | **Transactions** | **Gross Toll Revenue** |
| 2017 (1) | 5,900 | 800 | 6,700 | 2,445,500 | 16,024,000 |
| 2018(2) | 8,800 | 1,200 | 10,000 | 3,650,000 | 24,543,000 |
| 2019 | 11,300 | 1,500 | 12,800 | 4,672,000 | 32,007,000 |
| 2020 | 13,100 | 1,800 | 14,900 | 5,438,500 | 38,457,000 |
| 2021 | 14,300 | 2,000 | 16,300 | 5,949,500 | 43,317,000 |
| 2022 | 15,400 | 2,100 | 17,500 | 6,387,500 | 47,428,000 |
| 2023 | 16,500 | 2,200 | 18,700 | 6,825,500 | 51,689,000 |
| 2024 | 17,600 | 2,300 | 19,900 | 7,263,500 | 56,124,000 |
| 2025 | 18,700 | 2,400 | 21,100 | 7,701,500 | 60,778,000 |
| 2026 | 19,800 | 2,700 | 22,500 | 8,212,500 | 67,251,000 |
| 2027 | 21,000 | 2,900 | 23,900 | 8,723,500 | 73,444,000 |
| 2028 | 22,200 | 3,100 | 25,300 | 9,234,500 | 79,882,000 |
| 2029 | 23,400 | 3,300 | 26,700 | 9,745,500 | 86,556,000 |
| 2030 | 24,600 | 3,500 | 28,100 | 10,256,500 | 93,560,000 |
| 2031 | 25,900 | 3,500 | 29,400 | 10,731,000 | 99,229,000 |
| 2032 | 27,100 | 3,700 | 30,800 | 11,242,000 | 106,822,000 |
| 2033 | 28,300 | 3,900 | 32,200 | 11,753,000 | 114,681,000 |
| 2034 | 29,500 | 4,100 | 33,600 | 12,264,000 | 122,930,000 |
| 2035 | 30,700 | 4,300 | 35,000 | 12,775,000 | 131,459,000 |
| 2036 | 31,700 | 4,300 | 36,000 | 13,140,000 | 137,619,000 |
| 2037 | 32,400 | 4,400 | 36,800 | 13,432,000 | 144,232,000 |
| 2038 | 33,100 | 4,500 | 37,600 | 13,724,000 | 151,137,000 |
| 2039 | 33,800 | 4,600 | 38,400 | 14,016,000 | 158,254,000 |
| 2040 | 34,500 | 4,700 | 39,200 | 14,308,000 | 165,550,000 |

**Ramp up Schedule:**
2017 assumes a ramp-up factor of 61.0 percent.
2018 assumes a ramp-up factor of 81.3 percent.
2019 assumes a ramp-up factor of 94.5 percent.
No ramp-up is assumed in 2020 or beyond.

Per Fed. Traffic Manual, 22,500 ADT is the maximum that a 2 lane road can handle

This column of toll revenues is used with slightly revised numbers in KABATA's 2012 MAP-21 TIFIA Pro Forma

(1) Bridge assumed opened to traffic on January 1, 2017 with a Passenger Car Toll of $5.00; tolls proportionately higher for Commercial Vehicles.
(2) Assumes a Toll Schedule increased by 2.5 percent annually beginning January 1, 2018;. tolls proportionately higher for Commercial Vehicles.

Because KABATA predicts that it will expand from 2 lane bridges and approach roads to 4 lanes in approximately 2030, the predicted revenues from more than 22,500 ADT between 2027 and 2030 includes $70 million of "Impossibly Derived Revenue"!

**Knik Arm Bridge and Toll Authority**
**Base Case: Normal Traffic Projections-TIFIA at 49%**
**Private Model - Availability Payment Structure**

**Phase I**

KABATA received TIFIA rejection for the FIFTH time in Sept 2012, and was told that if they ever do qualify for a loan, it would be for 33% of project cost, not the 49% that $500 million (m) represents. At best, that's $200 m missing from their financial plan.

**SOURCES AND USES**

| **SOURCES** | **GOV PURPOSE** | **PRIVATE ACTIVITY BONDS** | **SHORT-TERM FINANCING** | **TIFIA (1)** | **EQUITY** | **TOTAL PRIVATE FINANCING** | **PUBLIC INVESTMENT** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|
| Current Interest Bonds | - | 153,435,000 | - | - | - | 153,435,000 | - | 153,435,000 |
| Capital Accretion Bonds | - | - | - | - | - | - | - | - |
| Short-Term Financing | - | - | - | - | - | - | - | - |
| TIFIA | - | - | - | 500,473,670 | - | 500,473,670 | - | 500,473,670 |
| Equity | - | - | - | - | 72,787,288 | 72,787,288 | - | 72,787,288 |
| Premium / Original Issue Discount | - | - | - | - | - | - | - | - |
| Public Funds Available | | | | | | - | - | - |
| *1) Federal* | - | - | - | - | - | - | 112,572,342 | 112,572,342 |
| *2) State Match* | - | - | - | - | - | - | 17,324,917 | 17,324,917 |
| *3) State Grant (Milestone Payment)* | - | - | - | - | - | - | - | - |
| *4) State Grant (Reserve Fund)* | - | - | - | - | - | - | 150,000,000 | 150,000,000 |
| *5) State Commerce Grant* | - | - | - | - | - | - | 15,000,000 | 15,000,000 |
| *6) TIGER-TIFIA Grant* | - | - | - | - | - | - | - | - |
| **Total** | - | 153,435,000 | - | 500,473,670 | 72,787,288 | 726,695,959 | 294,897,259 | 1,021,593,218 |

See pg 4

| **USES** | **GOV PURPOSE** | **PRIVATE ACTIVITY BONDS** | **SHORT-TERM FINANCING** | **TIFIA (1)** | **EQUITY** | **TOTAL PRIVATE FINANCING** | **PUBLIC INVESTMENT** | **TOTAL** |
|---|---|---|---|---|---|---|---|---|
| Deposit to Construction Fund | - | 109,357,485 | - | 499,723,670 | 70,494,245 | 679,575,400 | 25,419,013 | 704,994,413 |
| Right of Way | - | - | - | - | - | - | 15,250,000 | 15,250,000 |
| KABATA PPA Oversight | - | - | - | - | - | - | 11,826,000 | 11,826,000 |
| Deposit for Port MacKenzie Road Upgrade | - | - | - | - | - | - | 15,000,000 | 15,000,000 |
| Deposit for KABATA Development Costs | - | - | - | - | - | - | 77,402,246 | 77,402,246 |
| Deposit to State Reserve Fund | - | - | - | - | - | - | 150,000,000 | 150,000,000 |
| Repay Short-Term Financing | - | - | - | - | - | - | - | - |
| TIFIA Credit Subsidy (2) | - | - | - | - | - | - | - | - |
| Deposit to Capitalized Interest Fund | - | 25,051,575 | - | - | - | 25,051,575 | - | 25,051,575 |
| Deposit to Prepaid Interest Fund | - | - | - | - | - | - | - | - |
| Debt Service Reserve Fund | - | 15,343,500 | - | - | - | 15,343,500 | - | 15,343,500 |
| Bond Insurance Premium | - | - | - | - | - | - | - | - |
| Cost of Issuance | - | 2,301,525 | - | 750,000 | - | 3,051,525 | - | 3,051,525 |
| Underwriter's Discount | - | 767,175 | - | - | - | 767,175 | - | 767,175 |
| KABATA FA Success Fee | - | 613,740 | - | - | 2,293,044 | 2,906,784 | - | 2,906,784 |
| Concession (Shortfall)/Surplus | - | - | - | - | - | - | - | - |
| **Total** | - | 153,435,000 | - | 500,473,670 | 72,787,288 | 726,695,959 | 294,897,259 | 1,021,593,218 |

It is not appropriate for a State agency, like KABATA to give themselves a "Success Fee". This needs to be explained.

| | | | | |
|---|---|---|---|---|
| Equity Contribution (12% IRR) | 72,787,288 | | | |
| Construction Fund Surplus / (Shortfall) | 8,416 | | | |
| Equity as % of Financing, Including Public Funds | 7.125% | | | |
| Equity as % of Financing, Excluding Public Funds | 10.016% | | | |
| Delivery Date | 12/1/13 | | | |
| Rates as of | 2/1/12 | | | |
| Cap I Date | 12/1/2016 | 12/1/2016 | | |
| Cap I Earnings Rate | 0.50% | 0.50% | | |
| Bond Yield | - | 5.846% | | |
| Arbitrage Yield | - | 5.846% | 2.850% | 3.386% |
| True Interest Cost | - | 5.895% | 2.850% | 3.393% |
| Minimum Coverage | 2.09x | | 1.33x | |
| Average Coverage | 2.90x | | 1.47x | |
| Final Maturity | 12/1/2034 | | 12/1/2046 | |
| Total Qualified Project Costs | 1,021,374,837 | | | |
| TIFIA 49% Limitation | 500,473,670 | | | |

$72.8 million is Private Equity Contribution from P3 Contractor, See Page 4

(1) TIFIA rate assumed at 4.00% (current market + 140bps)
(2) For subsidy cost of credit assistance

With half their projected funds coming from the TIFIA 3% federal loan, the overall rate is 5.846%.
Without the $500 M from TIFIA the average loan rate is 8.6%.
KABATA needs to provide a new Pro-Forma!

The Red boxed comments of this document were created by Jamie Kenworthy and Bob French. This Annotated version is available at http://knikbridgefacts.org/wp-content/uploads/2013/02/KnikArmCrossingProFormaModel_000-Annotated.pdf
KABATA's original of this document available at: http://www.knikarmbridge.com/documents/KnikArmCrossingProFormaModel_000.pdf

This document is KABATA's latest financial plan, and is out of date.

**Knik Arm Bridge and Toll Authority** **Phase I**

**Base Case: Normal Traffic Projections-TIFIA at 49%**

**Private Model - Availability Payment Structure**

NOTE: Both the September 25, 2012 and December 11, 2012 letters to KABATA from the Federal FHWA DOT regarding KABATA's 2012 TIFIA Letter of Interest indicate that IF KABATA does get a TIFIA loan, KABATA will NOT receive more than 33% of project cost. Because KABATA has no TIFIA funds, that $500 m should not be included in their Financial Plan, or if TIFIA is included, the State should be listed as the alternate source of that $500 million.
The Federal TIFIA program is highly popular and typically gets "letters of Interest" requesting 10 times more money than what is available.
KABATA has now been turned down FIVE times in their TIFIA applications, and despite KABATA's assertions, it is not a first-come, first-served program.
Refer to http://www.knikarmbridge.com/documents/Knik_Arm_LOI_Response_9-25-12.pdf and http://www.knikarmbridge.com/documents/Knik_Arm_Response_from_USDOT-12-11-12.pdf

**ASSUMPTIONS**

| | |
|---|---|
| **Derivation of DSRF Requirement** | |
| Gov. Purpose | |
| 10% of Par | - |
| Maximum Annual Debt Service | - |
| 125% of Average Annual Debt Service | - |
| **Minimum of 3 tests** | - |
| | |
| PABs | |
| 10% of Par | 15,343,500 |
| Maximum Annual Debt Service | 25,507,352 |
| 125% of Average Annual Debt Service | 17,907,483 |
| **Deposit** | 15,343,500 |
| | |
| **TIFIA Eligible Costs** | |
| Project Costs | 705,526,033 |
| Right of Way | 15,250,000 |
| KABATA PPA Oversight | 11,826,000 |
| KABATA Debt Service Reserve Fund Deposit | 15,343,500 |
| KABATA Capitalized Interest Deposit | 25,051,575 |
| Bond Insurance | - |
| Cost of Issuance | 2,301,525 |
| Development Phase: Public Investment (1) | 92,402,246 |
| Underwriter's Discount | 767,175 |
| Upfront Payment | 2,906,784 |
| State Funded Reserve Fund | 150,000,000 |
| Total Elligible TIFIA Costs | 1,021,374,837 |
| | |
| Maximum Capacity Constraint | 500,473,670 |
| Actual TIFIA Loan Amount Used | 500,473,670 |
| | |
| Percentage for proration of indirect costs | |
| Urban | 42.4% |
| Rural | 57.6% |
| Total | 100.0% |
| | |
| **2017 Initial Toll Rate** | $5.00 |
| **2011 Initial Toll Rate (PV @ 2.50%)** | $4.53 |
| **Annual Toll Rate Increase After 2016** | 2.500% |
| | |
| **Costs of Issuance** | |
| Bonds | 1.500% |
| TIFIA | 750,000 |
| | |
| **Underwriter's Discount** | |
| Bonds | 0.500% |
| | |
| **Insurance (% of Total DS)** | 0.000% |

(1) Includes $15 million commerce grant for Pt Mackenzie Rd upgrade

**Knik Arm Bridge and Toll Authority** **Phase I**
**Base Case: Normal Traffic Projections-TIFIA at 49%**
**Private Model - Availability Payment Structure**

Toll Revenue is not shown here, possibly because they don't want to directly compare revenue with the "Availability Payments" that the State is guaranteeing. See pg. 6.

**EBITDA**

| Date | Toll Revenue | Availability Payment | Interest Income Earnings | O&M 2.50% | Tolling Operations 2.50% | Renewal CapEx 2.50% | Cash Available for Debt Service |
|---|---|---|---|---|---|---|---|
| Total | - | 2,332,602,885 | 23,628,990 | (122,228,256) | (196,731,032) | (112,054,849) | 1,925,217,738 |
| 12/1/14 | - | - | - | - | - | - | - |
| 12/1/15 | - | - | - | - | - | - | - |
| 12/1/16 | - | - | - | - | - | - | - |
| 12/1/17 | - | 24,729,500 | 460,305 | (1,908,268) | (1,746,600) | (889,193) | 20,645,744 |
| 12/1/18 | - | 28,118,680 | 460,305 | (2,219,973) | (1,952,625) | (890,084) | 23,516,304 |
| 12/1/19 | - | 33,563,427 | 460,305 | (2,070,627) | (2,143,275) | (898,535) | 28,911,296 |
| 12/1/20 | - | 35,065,964 | 460,305 | (2,198,735) | (2,319,575) | (900,343) | 30,107,617 |
| 12/1/21 | - | 40,628,603 | 460,305 | (2,159,774) | (2,472,300) | (901,316) | 35,555,517 |
| 12/1/22 | - | 42,253,747 | 460,305 | (2,457,230) | (2,616,825) | (1,216,140) | 36,423,856 |
| 12/1/23 | - | 43,943,897 | 460,305 | (2,330,510) | (2,766,475) | (1,217,173) | 38,090,044 |
| 12/1/24 | - | 45,701,653 | 460,305 | (2,630,133) | (2,924,325) | (2,464,241) | 38,143,259 |
| 12/1/25 | - | 47,529,719 | 460,305 | (2,472,437) | (3,089,350) | (2,464,473) | 39,963,763 |
| 12/1/26 | - | 49,430,908 | 460,305 | (2,774,865) | (3,289,225) | (2,465,602) | 41,361,521 |
| 12/1/27 | - | 51,408,144 | 460,305 | (2,623,009) | (3,496,275) | (2,458,082) | 43,291,083 |
| 12/1/28 | - | 53,464,470 | 460,305 | (2,840,533) | (3,713,575) | (2,459,279) | 44,911,387 |
| 12/1/29 | - | 55,603,048 | 460,305 | (2,782,750) | (3,940,100) | (1,206,974) | 48,133,529 |
| 12/1/30 | - | 57,827,170 | 460,305 | (3,223,756) | (4,178,925) | (1,208,244) | 49,676,550 |
| 12/1/31 | - | 60,140,257 | 460,305 | (2,848,581) | (4,407,500) | (1,209,552) | 52,134,929 |
| 12/1/32 | - | 62,545,867 | 460,305 | (3,197,045) | (4,634,025) | (1,962,682) | 53,212,421 |
| 12/1/33 | - | 65,047,702 | 460,305 | (3,132,011) | (4,870,800) | (1,964,070) | 55,541,127 |
| 12/1/34 | - | 67,649,610 | 15,803,805 | (3,628,366) | (5,119,875) | (1,965,499) | 72,739,675 |
| 12/1/35 | - | 70,355,595 | - | (3,322,750) | (5,379,200) | (2,055,333) | 59,598,312 |
| 12/1/36 | - | 72,114,485 | - | (3,478,155) | (5,685,675) | (3,844,095) | 59,106,560 |
| 12/1/37 | - | 73,917,347 | - | (3,525,104) | (5,955,250) | (4,944,285) | 59,492,708 |
| 12/1/38 | - | 75,765,280 | - | (4,083,758) | (6,238,150) | (4,945,894) | 60,497,479 |
| 12/1/39 | - | 77,659,412 | - | (3,739,783) | (6,534,375) | (4,947,551) | 62,437,703 |
| 12/1/40 | - | 79,600,898 | - | (4,049,921) | (6,841,875) | (4,860,896) | 63,848,206 |
| 12/1/41 | - | 81,590,920 | - | (3,828,253) | (7,165,944) | (3,075,409) | 67,521,314 |
| 12/1/42 | - | 83,630,693 | - | (4,596,306) | (7,505,363) | (2,226,345) | 69,302,679 |
| 12/1/43 | - | 85,721,460 | - | (4,209,159) | (7,860,859) | (2,340,144) | 71,311,299 |
| 12/1/44 | - | 87,864,497 | - | (4,558,221) | (8,233,192) | (2,342,065) | 72,731,018 |
| 12/1/45 | - | 90,061,109 | - | (4,465,497) | (8,623,162) | (2,344,044) | 74,628,407 |
| 12/1/46 | - | 92,312,637 | - | (5,011,714) | (9,031,603) | (2,346,082) | 75,923,238 |
| 12/1/47 | - | 94,620,453 | - | (4,737,446) | (9,459,390) | (6,626,429) | 73,797,188 |
| 12/1/48 | - | 96,985,964 | - | (5,130,318) | (9,907,439) | (9,064,843) | 72,883,365 |
| 12/1/49 | - | 99,410,613 | - | (5,025,956) | (10,376,710) | (9,067,070) | 74,940,878 |
| 12/1/50 | - | 101,895,879 | - | (5,822,461) | (10,868,208) | (9,069,363) | 76,135,846 |
| 12/1/51 | - | 104,443,276 | - | (5,144,852) | (11,382,987) | (9,213,520) | 78,701,917 |
| 12/1/52 | | | | | | | |

Note that Availability Payments are Balloon Payments, most successful P3's have Flat Availability Payments

The $2,332,602,885 in "Availability Payment" is what KABATA predicts will be established by the P3 contract, and will be paid to the P3 over the life of the project. However with half the toll revenue and higher interest Private Activity Bonds rather than TIFIA loans, these State Guaranteed payments are what Jeff Stark of the AG's office said the state will need to pay into the unlimited "Reserve Fund" in the proposed HB 23 / S 13, **regardless** of how much toll revenue is received.

**Knik Arm Bridge and Toll Authority**
**Base Case: Normal Traffic Projections-TIFIA at 49%**
**Private Model - Availability Payment Structure**

**Phase I**

$72.8 M, or 7% of project cost is what the P3 partner is "investing"

**COVERAGE**

| Date | Cash Available for Debt Service | PABs Debt Service | Senior PABs Lien Coverage | TIFIA DS | Total Coverage | Total Coverage (inc. O&M) | Net Cashflow | PV of Net Cash Flow 12.0% |
|---|---|---|---|---|---|---|---|---|
| Total | 1,925,217,738 | (274,193,572) | | (913,116,806) | | | 737,907,360 | 72,787,288 |
| 12/1/14 | - | | | | | | - | - |
| 12/1/15 | - | | | | | | - | - |
| 12/1/16 | - | - | | - | | | - | - |
| 12/1/17 | 20,645,744 | (8,884,049) | 2.32x | - | 2.32x | 2.32x | 11,761,695 | 7,379,433 |
| 12/1/18 | 23,516,304 | (8,884,049) | 2.65x | - | 2.65x | 2.65x | 14,632,255 | 8,170,575 |
| 12/1/19 | 28,911,296 | (8,884,049) | 3.25x | - | 3.25x | 3.25x | 20,027,247 | 9,952,928 |
| 12/1/20 | 30,107,617 | (14,434,049) | 2.09x | (8,120,768) | 1.33x | 1.33x | 7,552,800 | 3,340,611 |
| 12/1/21 | 35,555,517 | (10,500,984) | 3.39x | (16,127,688) | 1.34x | 1.34x | 8,926,845 | 3,514,019 |
| 12/1/22 | 36,423,856 | (11,162,677) | 3.26x | (16,124,840) | 1.33x | 1.33x | 9,136,340 | 3,200,860 |
| 12/1/23 | 38,090,044 | (12,409,621) | 3.07x | (16,121,992) | 1.34x | 1.34x | 9,558,432 | 2,980,364 |
| 12/1/24 | 38,143,259 | (12,453,395) | 3.06x | (16,119,144) | 1.33x | 1.33x | 9,570,721 | 2,655,924 |
| 12/1/25 | 39,963,763 | (13,814,220) | 2.89x | (16,116,296) | 1.34x | 1.34x | 10,033,248 | 2,477,997 |
| 12/1/26 | 41,361,521 | (14,870,392) | 2.78x | (16,113,448) | 1.33x | 1.33x | 10,377,682 | 2,281,119 |
| 12/1/27 | 43,291,083 | (16,315,907) | 2.65x | (16,110,600) | 1.34x | 1.34x | 10,864,577 | 2,125,439 |
| 12/1/28 | 44,911,387 | (17,536,893) | 2.56x | (16,107,751) | 1.33x | 1.33x | 11,266,743 | 1,961,654 |
| 12/1/29 | 48,133,529 | (19,951,179) | 2.41x | (16,104,903) | 1.33x | 1.33x | 12,077,447 | 1,871,490 |
| 12/1/30 | 49,676,550 | (21,105,435) | 2.35x | (16,102,055) | 1.34x | 1.34x | 12,469,060 | 1,719,627 |
| 12/1/31 | 52,134,929 | (22,956,606) | 2.27x | (16,099,207) | 1.33x | 1.33x | 13,079,116 | 1,605,341 |
| 12/1/32 | 53,212,421 | (23,761,622) | 2.24x | (16,096,359) | 1.34x | 1.34x | 13,354,440 | 1,458,824 |
| 12/1/33 | 55,541,127 | (25,507,352) | 2.18x | (16,093,511) | 1.34x | 1.34x | 13,940,264 | 1,355,303 |
| 12/1/34 | 72,739,675 | (10,761,099) | 6.76x | (43,725,955) | 1.33x | 1.33x | 18,252,621 | 1,579,352 |
| 12/1/35 | 59,598,312 | - | | (44,642,930) | 1.34x | 1.34x | 14,955,382 | 1,151,700 |
| 12/1/36 | 59,106,560 | - | | (44,274,576) | 1.34x | 1.34x | 14,831,983 | 1,016,552 |
| 12/1/37 | 59,492,708 | - | | (44,563,826) | 1.34x | 1.34x | 14,928,882 | 910,638 |
| 12/1/38 | 60,497,479 | - | | (45,316,463) | 1.34x | 1.34x | 15,181,015 | 824,152 |
| 12/1/39 | 62,437,703 | - | | (46,769,815) | 1.34x | 1.34x | 15,667,888 | 757,017 |
| 12/1/40 | 63,848,206 | - | | (47,826,371) | 1.34x | 1.34x | 16,021,834 | 688,962 |
| 12/1/41 | 67,521,314 | - | | (50,577,763) | 1.34x | 1.34x | 16,943,551 | 648,449 |
| 12/1/42 | 69,302,679 | - | | (51,912,119) | 1.34x | 1.34x | 17,390,560 | 592,343 |
| 12/1/43 | 71,311,299 | - | | (53,416,703) | 1.34x | 1.34x | 17,894,596 | 542,463 |
| 12/1/44 | 72,731,018 | - | | (54,480,163) | 1.34x | 1.34x | 18,250,855 | 492,402 |
| 12/1/45 | 74,628,407 | - | | (55,901,428) | 1.34x | 1.34x | 18,726,979 | 449,668 |
| 12/1/46 | 75,923,238 | - | | (56,871,340) | 1.34x | 1.34x | 19,051,899 | 407,147 |
| 12/1/47 | 73,797,188 | - | | (55,278,790) | 1.34x | 1.34x | 18,518,398 | 352,212 |
| 12/1/48 | 72,883,365 | - | | - | | | 72,883,365 | 1,233,724 |
| 12/1/49 | 74,940,878 | - | | - | | | 74,940,878 | 1,129,007 |
| 12/1/50 | 76,135,846 | - | | - | | | 76,135,846 | 1,020,834 |
| 12/1/51 | 78,701,917 | - | | - | | | 78,701,917 | 939,160 |

P3 Contractor receives net cashflow

The $737 M shows what a great deal this public private "partnership" is for the contractor, not so much for the state. Subtracting the contractor's $73 M equity from the contractor's $737 M net cash flow gives a Profit of $664 Million.
Why should a AAA credit state that can borrow long term at 3%, guarantee a contract that promises 12% cumulative interest? The "Real Cost" paper uses "only" a 10% return, because that is the one cost that we think KABATA underestimated.

This $46,421,197 being taken out by the P3 Contractor BEFORE the first payment of Federal TIFIA loans is not allowed by present TIFIA guidelines KABATA claims that they are "grandfathered". In the Real World, no one is allowed to take out equity before the creditors start to be repaid.

**ANNUAL DEBT SERVICE**

| Date | GP Tax-Exempt CIB Annual DS | GP Tax-Exempt CAB Annual DS | GP Capi Interest Draws | Total GP Tax-Exempt Annual DS | PABS Tax-Exempt CIB Annual DS | Capl Interest Draws | Prepaid Interest Draws | PABs Annual DS | TIFIA Annual DS | Net Annual DS |
|---|---|---|---|---|---|---|---|---|---|---|
| Total | - | - | - | - | 300,845,719 | (26,652,147) | - | 274,193,572 | 913,116,806 | 1,187,310,378 |
| 12/1/14 | - | - | - | - | 8,884,049 | (8,884,049) | - | - | - | - |
| 12/1/15 | - | - | - | - | 8,884,049 | (8,884,049) | - | - | - | - |
| 12/1/16 | - | - | - | - | 8,884,049 | (8,884,049) | - | - | - | - |
| 12/1/17 | - | - | - | - | 8,884,049 | - | - | 8,884,049 | - | 8,884,049 |
| 12/1/18 | - | - | - | - | 8,884,049 | - | - | 8,884,049 | - | 8,884,049 |
| 12/1/19 | - | - | - | - | 8,884,049 | - | - | 8,884,049 | - | 8,884,049 |
| 12/1/20 | - | - | - | - | 14,434,049 | - | - | 14,434,049 | 8,120,768 | 22,554,817 |
| 12/1/21 | - | - | - | - | 10,500,984 | - | - | 10,500,984 | 16,127,688 | 26,628,672 |
| 12/1/22 | - | - | - | - | 11,162,677 | - | - | 11,162,677 | 16,124,840 | 27,287,516 |
| 12/1/23 | - | - | - | - | 12,409,621 | - | - | 12,409,621 | 16,121,992 | 28,531,612 |
| 12/1/24 | - | - | - | - | 12,453,395 | - | - | 12,453,395 | 16,119,144 | 28,572,538 |
| 12/1/25 | - | - | - | - | 13,814,220 | - | - | 13,814,220 | 16,116,296 | 29,930,515 |
| 12/1/26 | - | - | - | - | 14,870,392 | - | - | 14,870,392 | 16,113,448 | 30,983,839 |
| 12/1/27 | - | - | - | - | 16,315,907 | - | - | 16,315,907 | 16,110,600 | 32,426,506 |
| 12/1/28 | - | - | - | - | 17,536,893 | - | - | 17,536,893 | 16,107,751 | 33,644,644 |
| 12/1/29 | - | - | - | - | 19,951,179 | - | - | 19,951,179 | 16,104,903 | 36,056,082 |
| 12/1/30 | - | - | - | - | 21,105,435 | - | - | 21,105,435 | 16,102,055 | 37,207,490 |
| 12/1/31 | - | - | - | - | 22,956,606 | - | - | 22,956,606 | 16,099,207 | 39,055,813 |
| 12/1/32 | - | - | - | - | 23,761,622 | - | - | 23,761,622 | 16,096,359 | 39,857,981 |
| 12/1/33 | - | - | - | - | 25,507,352 | - | - | 25,507,352 | 16,093,511 | 41,600,863 |
| 12/1/34 | - | - | - | - | 10,761,099 | - | - | 10,761,099 | 43,725,955 | 54,487,054 |
| 12/1/35 | - | - | - | - | - | - | - | - | 44,642,930 | 44,642,930 |
| 12/1/36 | - | - | - | - | - | - | - | - | 44,274,576 | 44,274,576 |
| 12/1/37 | | | | | | | | | 44,563,826 | 44,563,826 |
| 12/1/38 | | | | | | | | | 45,316,463 | 45,316,463 |
| 12/1/39 | | | | | | | | | 46,769,815 | 46,769,815 |
| 12/1/40 | | | | | | | | | 47,826,371 | 47,826,371 |
| 12/1/41 | | | | | | | | | 50,577,763 | 50,577,763 |
| 12/1/42 | | | | | | | | | 51,912,119 | 51,912,119 |
| 12/1/43 | | | | | | | | | 53,416,703 | 53,416,703 |
| 12/1/44 | | | | | | | | | 54,480,163 | 54,480,163 |
| 12/1/45 | | | | | | | | | 55,901,428 | 55,901,428 |
| 12/1/46 | | | | | | | | | 56,871,340 | 56,871,340 |
| 12/1/47 | | | | | | | | | 55,278,790 | 55,278,790 |
| 12/1/48 | | | | | | | | | - | - |
| 12/1/49 | | | | | | | | | - | - |
| 12/1/50 | | | | | | | | | - | - |
| 12/1/51 | | | | | | | | | - | - |
| 12/1/52 | | | | | | | | | - | - |
| 12/1/53 | | | | | | | | | - | - |
| 12/1/54 | | | | | | | | | - | - |
| 12/1/55 | | | | | | | | | - | - |
| 12/1/56 | | | | | | | | | - | - |
| 12/1/57 | | | | | | | | | - | - |
| 12/1/58 | | | | | | | | | - | - |
| 12/1/59 | | | | | | | | | - | - |
| 12/1/60 | | | | | | | | | - | - |
| 12/1/61 | | | | | | | | | - | - |
| 12/1/62 | | | | | | | | | - | - |

Refer to the $4,232,333,723 Toll Revenue shown in the 2nd column of the next page, page 6. KABATA's "Pro-Forma" in their 2011 TIGER grant application (available at http://www.knikarmbridge.com/2011TIGER/ExhibitD.pdf ) showed a forecasted Toll Revenue of $4.8 billion. This 2012 Pro-Forma shows $4.2 billion, a drop of nearly $600 million.

That is 4 times the $150 million that KABATA is requesting for the "Reserve Fund" that would be established by HB 23 / SB 13. This was because of lower traffic forecasts as well as other factors, but shows how "flexible" both the estimated Toll Revenues as well as construction and financing costs can be. While KABATA's various "Pro-Forma" over the years are inching closer to reality, we still think that toll revenues are still overestimated by at least a factor of 2.

If different crystal balls, only a year apart, show revenue forecast differences of $600 million, this "flexibility" should concern legislators, especially because the Toll Revenues that go into the "Reserve Fund are likely to be far less than the annual "Availability Payments".

Through the "Reserve Fund" proposed in HB 23 / SB 13, the State would be guaranteeing all the funds necessary to meet the annual "Availability Payments". We expect that KABATA will annually be asking the State to "Replenish" the "Reserve Fund".

**Knik Arm Bridge and Toll Authority** **Phase I**

**Base Case: Normal Traffic Projections-TIFIA at 49%**

**Private Model - Availability Payment Structure**

The P3 contractor is responsible for Toll Collection, O&M, etc.
Why $3 to $7 million a year for KABATA to administer a contract?

Receipts predicted to exceed costs only after 9 years of operation, and this kind of "Negative Equity" or "Negative Amortization" loans are no longer made, at least in the Residential Housing Market.

**AVAILABILITY PAYMENT SURPLUS (SHORTFALL)**

See comment pg. 5

| Date | Toll Revenue | Availability Payment | GP Total Annual DS | KABATA Administrative Costs | Net State Surplus (Shortfall) | PV @ 5.000% | Cumulative Deficit/Return |
|---|---|---|---|---|---|---|---|
| Total | 4,232,444,723 | (2,332,602,885) | - | (174,928,270) | 1,724,913,568 | 436,668,726 | |
| 12/1/14 | - | - | - | - | - | - | - |
| 12/1/15 | - | - | - | - | - | - | - |
| 12/1/16 | - | - | - | - | - | - | - |
| 12/1/17 | 16,018,701 | (24,729,500) | - | (3,019,041) | (11,729,840) | (9,627,226) | (11,729,840) |
| 12/1/18 | 22,836,943 | (28,118,680) | - | (3,103,849) | (8,385,586) | (6,550,806) | (20,115,426) |
| 12/1/19 | 29,655,186 | (33,563,427) | - | (3,191,057) | (7,099,299) | (5,278,725) | (27,214,725) |
| 12/1/20 | 36,473,428 | (35,065,964) | - | (3,280,734) | (1,873,270) | (1,325,764) | (29,087,995) |
| 12/1/21 | 43,291,671 | (40,628,603) | - | (3,372,949) | (709,881) | (478,194) | (29,797,876) |
| 12/1/22 | 48,083,795 | (42,253,747) | - | (3,467,776) | 2,362,272 | 1,514,608 | (27,435,604) |
| 12/1/23 | 52,875,920 | (43,943,897) | - | (3,565,289) | 5,366,734 | 3,275,162 | (22,068,870) |
| 12/1/24 | 57,668,044 | (45,701,653) | - | (3,665,563) | 8,300,828 | 4,821,658 | (13,768,041) |
| 12/1/25 | 62,460,169 | (47,529,719) | - | (3,768,680) | 11,161,771 | 6,171,068 | (2,606,271) |
| 12/1/26 | 67,252,294 | (49,430,908) | - | (3,874,718) | 13,946,668 | 7,339,221 | 11,340,398 |
| 12/1/27 | 74,284,285 | (51,408,144) | - | (3,983,762) | 18,892,380 | 9,462,773 | 30,232,778 |
| 12/1/28 | 81,316,277 | (53,464,470) | - | (4,095,897) | 23,755,911 | 11,325,457 | 53,988,688 |
| 12/1/29 | 88,348,269 | (55,603,048) | - | (4,211,212) | 28,534,009 | 12,947,893 | 82,522,697 |
| 12/1/30 | 95,380,261 | (57,827,170) | - | (4,329,797) | 33,223,293 | 14,349,318 | 115,745,990 |
| 12/1/31 | 102,412,252 | (60,140,257) | - | (4,451,746) | 37,820,249 | 15,547,667 | 153,566,240 |
| 12/1/32 | 109,444,244 | (62,545,867) | - | (4,577,155) | 42,321,222 | 16,559,656 | 195,887,462 |
| 12/1/33 | 116,476,236 | (65,047,702) | - | (4,706,122) | 46,722,412 | 17,400,857 | 242,609,873 |
| 12/1/34 | 123,508,228 | (67,649,610) | - | (4,838,750) | 51,019,867 | 18,085,769 | 293,629,741 |
| 12/1/35 | 130,540,220 | (70,355,595) | - | (4,975,143) | 55,209,482 | 18,627,887 | 348,839,222 |
| 12/1/36 | 137,572,211 | (72,114,485) | - | (5,115,408) | 60,342,318 | 19,378,680 | 409,181,541 |
| 12/1/37 | 144,182,963 | (73,917,347) | - | (5,259,657) | 65,005,959 | 19,870,447 | 474,187,500 |
| 12/1/38 | 151,085,615 | (75,765,280) | - | (5,408,003) | 69,912,332 | 20,340,448 | 544,099,832 |
| 12/1/39 | 158,200,196 | (77,659,412) | - | (5,560,563) | 74,980,221 | 20,763,746 | 619,080,053 |
| 12/1/40 | 165,493,715 | (79,600,898) | - | (5,717,458) | 80,175,360 | 21,132,564 | 699,255,413 |
| 12/1/41 | 169,631,058 | (81,590,920) | - | (5,878,811) | 82,161,327 | 20,612,515 | 781,416,740 |
| 12/1/42 | 173,871,834 | (83,630,693) | - | (6,025,781) | 84,215,360 | 20,109,771 | 865,632,100 |
| 12/1/43 | 178,218,630 | (85,721,460) | - | (6,176,426) | 86,320,744 | 19,619,288 | 951,952,844 |
| 12/1/44 | 182,674,096 | (87,864,497) | - | (6,330,837) | 88,478,763 | 19,140,769 | 1,040,431,606 |
| 12/1/45 | 187,240,948 | (90,061,109) | - | (6,489,108) | 90,690,732 | 18,673,921 | 1,131,122,338 |
| 12/1/46 | 191,921,972 | (92,312,637) | - | (6,651,335) | 92,958,000 | 18,218,460 | 1,224,080,338 |
| 12/1/47 | 196,720,022 | (94,620,453) | - | (6,817,619) | 95,281,950 | 17,774,107 | 1,319,362,288 |
| 12/1/48 | 201,638,022 | (96,985,964) | - | (6,988,059) | 97,663,999 | 17,340,592 | 1,417,026,286 |
| 12/1/49 | 206,678,973 | (99,410,613) | - | (7,162,761) | 100,105,599 | 16,917,651 | 1,517,131,885 |
| 12/1/50 | 211,845,947 | (101,895,879) | - | (7,341,830) | 102,608,239 | 16,505,025 | 1,619,740,123 |
| 12/1/51 | 217,142,096 | (104,443,276) | - | (7,525,375) | 105,173,445 | 16,102,464 | 1,724,913,568 |
| 12/1/52 | | | | | | | |

Max amount of revenue from a 2 lane bridge

2030 is when KABATA says they will build the 4 lane bridge

CDM Smith's forecast stops at 2040

These are basically the toll revenue number from CDM Smith's Aug. 23, 2012 revised Toll Estimate. Compared to 2011 TIGER grant application, the toll revenues are slightly lower for 2027 to 2031, and increased between 2032 and 2036.
Note that KABATA Traffic & toll consultant, CDM Smith's, predictions stop at 2040 and the revenues shown here are apparently an extrapolation, without documented substantiation.
KABATA's Document available at:
http://www.knikarmbridge.com/documents/MemoforAugust2012TandRforecastupdated8.23.2012.pdf

As discussed on Table 1 of CDM Smith's Aug 23, 2012 revised Toll Estimate, between 2027 and 2030 KABATA is counting on getting the Toll Revenue from more than 22,500 Average Daily Trips traffic that will only fit on a 4 lane road and bridge, however, they are not predicting that the expansion from 2 lane to 4 lanes will occur until 2030 and do not show the costs of that expansion.
That is "Impossibly Derived Revenue".
Note also that KABATA is predicting that the 2 lane bridge will be "maxed out" just after their predicted revenue exceeds their costs!

Based on CDM Smith's track record, We believe these Toll Revenue amounts are at least double what actual revenue will be. See: http://www.scribd.com/doc/79582705/RCA-Study-Wilbur-Smith-Traffic-amp-Revenue-Forecasts-012712

**STATE RESERVE FUND**

| Date | Minimum Reserve Fund Requirement | Reserve Fund Release Requirement | Beginning Balance | Excess Revenues | Interest @ 3.000% | State Replenish (1) | Draws on Reserve (2) | General Surplus Withdrawals (3) | Ending Balance |
|---|---|---|---|---|---|---|---|---|---|
| Total | | | | 1,754,711,444 | 119,583,276 | - | (29,797,876) | (1,994,496,844) | |
| 12/1/14 | - | - | 150,000,000 | - | 4,500,000 | - | - | - | 154,500,000 |
| 12/1/15 | - | - | 154,500,000 | - | 4,635,000 | - | - | - | 159,135,000 |
| 12/1/16 | - | - | 159,135,000 | - | 4,774,050 | - | - | - | 163,909,050 |
| 12/1/17 | 38,290,222 | 47,862,778 | 163,909,050 | - | 4,917,272 | - | (11,729,840) | - | 157,096,481 |
| 12/1/18 | 26,510,784 | 37,143,155 | 157,096,481 | - | 4,712,894 | - | (8,385,586) | - | 153,423,790 |
| 12/1/19 | 24,804,151 | 36,714,424 | 153,423,790 | - | 4,602,714 | - | (7,099,299) | - | 150,927,205 |
| 12/1/20 | 21,572,724 | 34,379,701 | 150,927,205 | - | 4,527,816 | - | (1,873,270) | - | 153,581,751 |
| 12/1/21 | 18,419,476 | 32,142,702 | 153,581,751 | - | 4,607,453 | - | (709,881) | - | 157,479,322 |
| 12/1/22 | 13,747,499 | 28,007,292 | 157,479,322 | 2,362,272 | 4,724,380 | - | - | - | 164,565,974 |
| 12/1/23 | 11,186,125 | 26,003,605 | 164,565,974 | 5,366,734 | 4,936,979 | - | - | - | 174,869,688 |
| 12/1/24 | 8,712,576 | 24,109,700 | 174,869,688 | 8,300,828 | 5,246,091 | - | - | - | 188,416,606 |
| 12/1/25 | 6,330,327 | 22,329,920 | 188,416,606 | 11,161,771 | 5,652,498 | - | - | - | 205,230,875 |
| 12/1/26 | 4,042,990 | 20,668,780 | 205,230,875 | 13,946,668 | 6,156,926 | - | - | - | 225,334,470 |
| 12/1/27 | 1,854,319 | 19,130,972 | 225,334,470 | 18,892,380 | 6,760,034 | - | - | - | 250,986,884 |
| 12/1/28 | - | 15,481,512 | 250,986,884 | 23,755,911 | 7,529,607 | - | - | - | 282,272,401 |
| 12/1/29 | - | 11,965,338 | 282,272,401 | 28,534,009 | 8,468,172 | - | - | - | 319,274,582 |
| 12/1/30 | - | 8,587,727 | 319,274,582 | 33,223,293 | 9,578,237 | - | - | - | 362,076,113 |
| 12/1/31 | - | 5,354,164 | 362,076,113 | 37,820,249 | 10,862,283 | - | - | - | 410,758,646 |
| 12/1/32 | - | 2,270,351 | 410,758,646 | 42,321,222 | 12,322,759 | - | - | (463,132,276) | 2,270,351 |
| 12/1/33 | - | - | 2,270,351 | 46,722,412 | 68,111 | - | - | (49,060,873) | - |
| 12/1/34 | - | - | - | 51,019,867 | - | - | - | (51,019,867) | - |
| 12/1/35 | - | - | - | 55,209,482 | - | - | - | (55,209,482) | - |
| 12/1/36 | - | - | - | 60,342,318 | - | - | - | (60,342,318) | - |
| 12/1/37 | - | - | - | 65,005,959 | - | - | - | (65,005,959) | - |
| 12/1/38 | - | - | - | 69,912,332 | - | - | - | (69,912,332) | - |
| 12/1/39 | - | - | - | 74,980,221 | - | - | - | (74,980,221) | - |
| 12/1/40 | - | - | - | 80,175,360 | - | - | - | (80,175,360) | - |
| 12/1/41 | - | - | - | 82,161,327 | - | - | - | (82,161,327) | - |
| 12/1/42 | - | - | - | 84,215,360 | - | - | - | (84,215,360) | - |
| 12/1/43 | - | - | - | 86,320,744 | - | - | - | (86,320,744) | - |
| 12/1/44 | - | - | - | 88,478,763 | - | - | - | (88,478,763) | - |
| 12/1/45 | - | - | - | 90,690,732 | - | - | - | (90,690,732) | - |
| 12/1/46 | - | - | - | 92,958,000 | - | - | - | (92,958,000) | - |
| 12/1/47 | - | - | - | 95,281,950 | - | - | - | (95,281,950) | - |
| 12/1/48 | - | - | - | 97,663,999 | - | - | - | (97,663,999) | - |
| 12/1/49 | - | - | - | 100,105,599 | - | - | - | (100,105,599) | - |
| 12/1/50 | - | - | - | 102,608,239 | - | - | - | (102,608,239) | - |
| 12/1/51 | - | - | - | 105,173,445 | - | - | - | (105,173,445) | - |
| 12/1/52 | | | | | | | | | |

1) General Surplus Withdrawals begin once all of Phase II has been financed.

State Replenishment, that KABATA describes as a "Moral Obligation" to pay the P3 Contractor their annual "Availability Payments" is estimated by the "Real Costs" paper at $2.6 Billion over the life of the contract. Replenishment costs WILL NOT be zero with no TIFIA funding. KABATA needs to provide "Pro-Forma without TIFIA.

This column shows KABATA's prediction that the $150 Million appropriated to the "Reserve Fund" will eventually be paid back. Our estimate is that average annual deficits will be $58 million per year between 2017 and 2035, and an average of $94 million per year between 2036 and 2051 because of sharply rising annual "Availability Payments".
With toll revenues likely to be no more than half of what KABATA predicts, we anticipate the "Reserve Fund" will require annual "replenishment" from the Legislature.

The rest of the pages of the Pro-Forma were not annotated, but can be viewed from KABATA's website. See link on the first page. Pages 18 to 20 does show KABATA's estimate of Phase 2 costs to connect to Ingra/Gambell, but the costs to expand the bridge and approach roads from 2 lanes to 4 lanes need to be included in the Phase 1 "Pro-Forma" because $1.9 billion in Toll Revenue is included in that Phase 1 Pro-Forma after 2026, when the 2-lane bridge is over capacity at 22,500 Average Daily Trips.